
***Commonwealth of Virginia
Department of Medical
Assistance Services***

**FAMIS and FAMIS Moms
Data Book and Capitation Rates
Fiscal Year 2017**

Rates Effective July 1, 2016

Revised June 2016

Submitted by:

PricewaterhouseCoopers LLP
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San Francisco, CA 94111





Mr. William J. Lessard, Jr.
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA 23219

June 27, 2016

Dear Bill:

Re: REVISED FY 2017 FAMIS and FAMIS MOMS Data Book and Capitation Rates

The enclosed report provides a detailed description of the methodology used for calculating capitation rates for the Virginia Medicaid FAMIS and FAMIS MOMS programs for FY 2017. The methods used for calculating these costs are consistent with Centers for Medicare and Medicaid Services and State Children's Health Insurance Program requirements.

Please call Sandi Hunt at 415/498-5365 or Susan Maerki at 415/498-5394 if you have any questions regarding these capitation rates.

Very Truly Yours,

PricewaterhouseCoopers LLP

A handwritten signature in black ink that reads "Sandra S. Hunt".

By: Sandra S. Hunt, M.P.A.
Principal

A handwritten signature in black ink that reads "Susan C. Maerki".

Susan Maerki, M.H.S.A., M.A.E.
Director

Table of Contents

I.	FAMIS program rate development	1
I.A.	Introduction	1
I.B.	FAMIS program description	2
I.C.	Data book	4
I.D.	Capitation rate calculations	4
I.E.	FAMIS legislative and program adjustments	5
I.F.	FAMIS Trend and IBNR Adjustments	11
I.G.	Capitation rates for FAMIS	13
II.	FAMIS MOMS program rate development	15
II.A.	Introduction	15
II.B.	FAMIS MOMS program description	15
II.C.	Data book	16
II.D.	FAMIS MOMS legislative and program adjustments	17
II.E.	FAMIS MOMS trend and IBNR adjustments	21
II.F.	Capitation rates for FAMIS MOMS	21

Table of Exhibits

I	FAMIS program rate development
Exhibit I.1	Historical Eligibility, Claims, and Utilization Data – Health Plan Encounter Data –FAMIS
Exhibit I.2a	Pharmacy Adjustment
Exhibit I.2b	Exempt Infant Formula Carveout Adjustment
Exhibit I.2c.1	Hospital Inpatient Adjustments
Exhibit I.2c.2	Hospital Inpatient Adjustments-CHKD
Exhibit I.2d.1	Hospital Outpatient Adjustments
Exhibit I.2d.2	Hospital Outpatient Adjustments - CHKD
Exhibit I.2e	Durable Medical Equipment Adjustment
Exhibit I.2f	Provider Incentive Payment Adjustment
Exhibit I.2g	Hepatitis C Adjustment
Exhibit I.2h	ER Triage Adjustment
Exhibit I.2i	RBRVS Adjustment
Exhibit I.2j	Administrative Cost Adjustment
Exhibit I.3	IBNR, Policy/Program, and Trend Adjustments – FAMIS
Exhibit I.4	FY 2017 Capitation Rate Calculation –MCO Encounter Data – FAMIS
Exhibit I.5a	Summary of FY 2017 FAMIS Capitation Rates Below & Above 150% Federal Poverty Level
Exhibit I 5b	Comparison of FY 2016 and FY 2017 FAMIS Capitation Rates
Exhibit I.5c	February 2016 FAMIS Member Months Distribution
Exhibit I.6	Drug Reinsurance Adjustment
Exhibit I.7	FY 2017 FAMIS Capitation Rates Net of Drug Reinsurance Adjustment

II FAMIS MOMS program rate development

**Exhibit II.1 Historical Eligibility, Claims, and Utilization Data – Health Plan Encounter Data
FAMIS MOMS**

Exhibit II.2a Pharmacy Adjustment

Exhibit II.2b Hospital Inpatient Adjustments

Exhibit II.2c Hospital Outpatient Adjustments

Exhibit II.2d DME Fee Adjustment

Exhibit II.2e Provider Incentive Payment Adjustment

Exhibit II.2f Hepatitis C Adjustment

Exhibit II.2g ER Triage Adjustment

Exhibit II.2h RBRVS Adjustment

Exhibit II.2i Administrative Cost Adjustment

Exhibit II.3 IBNR, Policy/Program, and Trend Adjustments – FAMIS MOMS

Exhibit II.4 Capitation Rate Calculation – Health Plan Encounter Data – FAMIS MOMS

Exhibit II.5 Comparison of FY 2016 and FY 2017 FAMIS MOMS Capitation Rates

***FAMIS and FAMIS MOMS
Data Book and Capitation Rates
Fiscal Year 2017
Prepared by PricewaterhouseCoopers LLP
Revised June 2016***

PricewaterhouseCoopers LLP (PwC) has calculated capitation rates for the Virginia Family Access to Medical Insurance Security (FAMIS) program and for the FAMIS MOMS program, for State Fiscal Year 2017. We used data submitted by the contracting health plans to estimate the cost of providing services. The development of these rates is discussed in this report and shown in the attached exhibits.

The methodology used is consistent with the actuarial soundness requirements for Medicaid managed care and is similar to the steps described in the Medallion 3.0 Data Book and Capitation Rates Fiscal Year 2017 (the "Medallion 3.0 report"). Please refer to that document for a complete description of the methodology. We have included in the report for the FAMIS and FAMIS MOMS Data Book and Capitation Rates Fiscal Year 2017 only information specific to the FAMIS and FAMIS MOMS programs and rate setting. However, the exhibits accompanying the report are complete.

I. FAMIS program rate development

I.A. Introduction

Title XXI of the Social Security Act through the Balanced Budget Act of 1997 does not impose specific rate setting requirements on states. Consequently, unlike Medicaid Managed Care programs that operate under Title XIX, states have significant flexibility in their approach to determining appropriate payment rates. Similar to most states, Virginia has chosen to mirror the Medicaid rate setting methodology for FAMIS, with appropriate adjustments to recognize differences in the covered population and the goals of the program. The FAMIS per member per month (PMPM) calculation relies on the analysis of health plan data submissions for this enrolled population with adjustments that would meet the test of actuarial soundness.

The development of the FAMIS rates is shown in the attached spreadsheets, with base capitation rates shown in Exhibit I.5a and the associated member months as of February 2016 in Exhibit I.5c. Capitation rate cells for FAMIS are statewide and vary based on the following criteria:

- **Age/Gender.** Capitation rates are paid separately for the following age/gender groups: Under 1, 1-5, 6-14, 15-18 Female, and 15-18 Male.
- **Income Level.** FAMIS includes member co-payment requirements based on income level. There are separate rates for those under and over 150% of the Federal Poverty Level.

I.B. FAMIS program description

The State Children's Health Insurance Program (SCHIP) was promulgated under Title XXI of the Social Security Act through the Balanced Budget Act of 1997. This federal legislation authorized states to expand child health insurance to uninsured, low-income children through either or both a Medicaid expansion and a commercial-like health plan with comprehensive benefits. The 2009 federal reauthorization legislation changed the name to Children's Health Insurance Program (CHIP) and the Affordable Care Act extended CHIP funding through FY 2015. Recent legislation extended funding for two years, through FY 2017, and increased the federal enhanced match rate by 23%, with passage of the *Medicare Access and CHIP Reauthorization Act of 2015* (HR 2, also known as MACRA).

Virginia chose to cover children with income under 133% of the federal poverty level not already eligible for Medicaid (children ages 6-18 with income between 100% and 133% of the federal poverty level) in its Medicaid program. Virginia covered children above 133% of the federal poverty level in a separate state program. Virginia began its program, called Children's Medical Security Insurance Plan (CMSIP), in October 1998 modeled on the Medicaid FFS program. The program covered eligible children from birth through age 18 in families with income between the maximum Medicaid income eligibility level (133% of the federal poverty level) and 185% of the federal poverty level. State Legislation was passed in 2000 to change CMSIP to a more commercially-based model.

The program transitioned to the Family Access to Medical Insurance Security (FAMIS) in August 2001 with health plan enrollment beginning in December 2001.

The FAMIS program covers eligible children from birth through age 18 in families with income at or below 200% of the Federal Poverty Level who are not otherwise eligible for Medicaid. Both a centralized eligibility processing unit and Local Departments of Social Services work together to create a "no wrong door" process that simplifies eligibility determination, resulting in a streamlined and shorter application process. A 12-month waiting period for persons who voluntarily dropped health insurance was ultimately reduced to 4 months. Health care services are delivered through managed health care insurance and FFS programs.

There were limited changes in the program until the past year.

As of January 1, 2014, the Affordable Care Act (ACA) required state Medicaid agencies to expand Medicaid eligibility to legal resident children up to 138% of the Federal Poverty Level. The child eligibility expansion is required even if the state does not expand Medicaid eligibility to low income adults.

This results in a shift of children in families with incomes between 133% and 138% of FPL from FAMIS into Medicaid. Starting October 2013, DMAS began to implement this change by evaluating eligibility applications under the new standard. One effect is that more children qualify for Medicaid and will be enrolled in the Medallion 3.0 program rather than into FAMIS. And, as of March 2014, DMAS began to assess and move the lower income FAMIS children into the Medallion 3.0 program.

The decision to halt new enrollment in the FAMIS MOMS program as of December 31, 2013 also affected the FAMIS population distribution. DMAS policy is that infants born to FAMIS MOMS are eligible for FAMIS for the first year of life, and may be eligible for Medicaid under Medallion 3.0. The FAMIS MOMS program was reinstated effective December 1, 2014.

Due to the combination of these factors, the number of FAMIS children <150% FPL has dropped more than 70% since March 2014. In the same period, the number of FAMIS Children >150% FPL has increased. As of February 2016, FAMIS children <150% FPL are approximately 6.3% of the total FAMIS population.

The FAMIS benefit package is designed to be equivalent to the benefit package offered to Virginia State employees and therefore does not cover all of the services offered to children in the Medicaid program.

The following services, which are covered under Medicaid, are not covered under FAMIS:

1. EPSDT services – Early and Period Screening Diagnosis and Treatment services, is not a covered service under FAMIS. However, many of the services that are covered as EPSDT services by Medicaid are covered under FAMIS’ well child and immunization benefits.
2. Psychiatric Treatment in free standing facilities is not covered (but is covered when provided in a psychiatric unit of an acute hospital).
3. Routine transportation to and from medical appointments is not covered. Emergency transportation is covered.
4. Enrollees share in the cost of certain services through limited co-payments similar to commercial health plan practices. The following table shows the schedule of co-payments for children in families above and below 150% federal poverty level.

**Table I.1
FAMIS cost sharing requirements by service**

Service	Cost sharing	
	>150% FPL	<=150% FPL
Office Visit Copay	\$ 5.00	\$ 2.00
Specialist Copay	\$ 5.00	\$ 2.00
IP Copay/Admit	\$ 25.00	\$ 15.00
Rx	\$ 5.00	\$ 2.00
Annual Co-payment Maximum	\$ 350.00	\$ 180.00

Note: Individual plans may set copayment amounts at a lower dollar amount.

As required by Title XXI, cost sharing will not exceed 5% of a family’s gross income for families with incomes from 150% to 200% of poverty. Cost sharing will not exceed 2.5% of gross income for families with incomes below 150% of poverty.

I.C. Data book

The data available to PwC for developing the capitation rates, the process used for selecting the claims and the individuals that are included in the rate development process is similar to the process described in the Medallion 3.0 report. In addition, processing and adjustments that are made to the data in the early stages of the rate development process are similar.

The rate developed is a statewide rate based upon MCO encounter data for FY 2014 and FY 2015 and data used to evaluate contract period trend is MCO encounter data for July 1, 2012 to June 30, 2015 with run out through February 2016. The data includes the FAMIS population in the Far Southwest region that moved to managed care in FY 2013. Any new FAMIS enrollees throughout the state will be paid the rates described in this report.

In the FAMIS rate setting process, historical claims data for the total population, both the $\leq 150\%$ FPL and the $>150\%$ FPL, are combined, adjusted, and trended. We first present the MCO FAMIS encounter summary in Exhibits I.1. A change in policy effective July 1, 2010 altered the enrollment of FAMIS newborns. Since then, babies born to mothers enrolled in FAMIS MOMS are deemed eligible for FAMIS without having to file an application. All data used in the FY 2017 rate setting for the Under Age 1 rate cell reflects enrollment under this policy.

The final adjustment in the rate development reflects the difference in the co-payment schedules for the two income groups and then an administrative cost factor is applied.

I.D. Capitation rate calculations

The capitation rates for FY 2017 are calculated based on the historical data shown in Exhibits I.1 adjusted to reflect changes in payment rates and covered services. Each adjustment to the historical data is described in the following section. The adjustments are applied to the historical data and resulting capitation rates are presented in Exhibits I.5a and I.5b.

The steps used for calculating the capitation rates are as follows:

1. The combined FY 2014 and FY 2015 historical data for each age-gender rate cell and service category are brought forward to Exhibit I.4 from the corresponding rate cell in Exhibit I.1. This information serves as the starting point for the capitation rate calculation.
2. A number of changes in covered services and payment levels have been mandated by the Virginia General Assembly. Each of these adjustments, as well as adjustments for other services not included in the source data, is described in detail below under Section I.E, and is shown in Exhibits I.2a to I.2i.
3. The claims data are adjusted to reflect the expected value of Incurred But Not Reported (IBNR) claims and to update the data to the FY 2017 contract period. These adjustments are described in Section I.F and are shown in Exhibit I.3. The resulting claims are shown in Exhibit I.4 under the column "Completed & Trended Claims."
4. The adjusted claims costs from Step 3 are divided by the count of member months for each rate cell (from Exhibit I.1) to arrive at preliminary PMPM costs by service category.

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5. The PMPM costs are summarized by rate cell across all service categories to arrive at the cost for each rate cell.
 6. An adjustment is made to reflect the differences in the co-payment schedule applicable to FAMIS members below and above 150% of the Federal Poverty Level in Exhibit I.5a. Co-payment adjustments are made for major service categories; they are not added across all individual claims as health plans may require different collection of co-payments.
 7. An adjustment is also made in Exhibit I.5a to reflect average health plan administrative costs plus a 1.5% contribution to reserves. The derivation of this value is included in the Adjustments described in Section I.E.
 8. An adjustment for projected high cost member drug reinsurance is presented in Exhibit I.6.
 9. The drug reinsurance adjustment is subtracted from rates presented in Exhibit I.5a and the final FY 2017 FAMIS rates are shown in Exhibit I.7.

I.E. FAMIS legislative and program adjustments

Legislation and policy changes in the FAMIS program for FY 2015, FY 2016, and FY 2017 must be reflected in the development of per capita rates, as the data used to develop rates do not fully include the effect of those changes.

The historical data presented in Exhibit I.1 is adjusted by the policy and program factors described in this section (Exhibits I.2a to I.2h) and the Trend and IBNR factors (Exhibit I.3).

In general, the methodology for FAMIS adjustments is similar to the adjustments in the Medallion 3.0 report. Actual adjustment values may differ where the adjustment is developed using FAMIS encounter data instead of Medallion 3.0 encounter or DMAS FFS data. These adjustments based on FAMIS encounter data are applied to the MCO historical costs in Exhibit I.1. All of these adjustments are reflected in the column “Policy and Program Adjustments” in Exhibit I.4 except for the Provider Incentive and Administrative Cost Adjustments.

Pharmacy adjustment

The outpatient prescription drug adjustment is based on FAMIS health plan data, taking into consideration aspects of pharmacy management reported by the health plans. The calculation uses health plan data, with factors for rebates, and Pharmacy Benefit Management (PBM) fees, to determine an adjusted PMPM amount.

The Federal Affordable Care Act (ACA) signed in March 2010 extended Medicaid FFS pharmacy rebates to Medicaid managed care plans. MCOs are required to submit pharmacy data to the State Medicaid agency, which will then submit the information to the pharmaceutical manufacturers to claim the rebate. PBM contracts with the MCOs have been modified to reduce the rebates historically available to the MCOs for their Medicaid managed care populations to offset these Medicaid agency rebates.

The same pharmacy rebates are not available to the state for the FAMIS program. However, the size and drug utilization of the FAMIS population is not, by itself, considered sufficient to allow the plans to negotiate comparable levels of rebate that were contracted for the Medicaid managed care population. Based on plan submitted data, we estimate the effective pharmacy rebate will not change from the amount projected by the health plans, or 1.9%.

The final pharmacy adjustment factors are shown in Exhibit I.2a. It is applied to the full base period Pharmacy service line in Exhibit I.4 under the column labeled “Policy and Program Adjustments.”

Exempt infant formula carveout adjustment

DMAS policy regarding reimbursement of selected formula for infants with diseases of inborn errors of metabolism requires direct billing for those services. Historically, the health plans referred members to the Woman, Infants, and Children (WIC) program for these services, but pay for services after the WIC benefit maximum is reached. This adjustment removes the amount that the health plans paid for selected formulas after children up to age 19 have met the WIC cap. The exempt formula adjustment is applied to all children up to age 19. DMAS provided a list of HCPCS codes to identify the exempt formula services.

The value of these services has been removed and is shown in Exhibit I.2b. The adjustment is applied to the DME/Supplies service line in Exhibit I.4 under the column labeled “Policy and Program Adjustments.”

Hospital inpatient adjustments

The hospital capital percentage averaged 8.9% during the FY 2014- FY 2015 base period. The percentage was decreased to 8.5% in FY 2016 and is expected to remain at that value in FY 2017. There are no unit cost adjustments for either FY 2015 or FY 2016. The Virginia General Assembly authorized a unit cost adjustment for FY 2017 equal to half the regulatory inflation of 2.1%, a value of, 1.05%.

Hospital inpatient reimbursement rates are being rebased for FY 2017. For inpatient medical/surgical, the rebasing is a negative adjustment of 2.65%. For inpatient psychiatric in acute care hospitals, the positive adjustment is 27%.

These adjustments are applied to the total inpatient hospital claims in the base period, excluding inpatient payments to Children’s Hospital of the King’s Daughters (CHKD). The inpatient psychiatric factor is applied to mental health claims that are submitted with FFS payment detail and the allocated inpatient mental health subcapitation dollars, but exclude payments to freestanding psychiatric hospitals.

These adjustment factors are shown in Exhibit I.2c.1 and applied to all hospital inpatient service categories in Exhibit I.4 under the column labeled “Policy and Program Adjustments.”

The FY 2017 unit cost adjustment is different for CHKD, a hospital that serves children primarily in the Rural and Tidewater regions. The hospital has a higher inpatient capital percentage than the statewide average, 10.3% in the base period, and it increases to 10.5% for FY 2016 and FY 2017. The Virginia General Assembly authorized a unit cost adjustment for FY 2017 equal to the full value of the regulatory inflation, 2.1%, for CHKD. Because FAMIS rates are statewide, the proportion of claims for CHKD was calculated compared to total hospital inpatient payments. The 2.1% unit cost increase is applied to the CHKD total FAMIS inpatient hospital claims. This is then decreased by the value of the FY 2017 hospital rebasing factor.

The adjustment factor shown in Exhibit I.2c.2 is -0.037% for FAMIS and is applied to all hospital inpatient service categories in Exhibit I.4 under the column labeled “Policy and Program Adjustments.”

Outpatient hospital adjustment

There are three adjustment to outpatient hospital for FY 2017. DMAS used to pay outpatient hospital as a percent of cost and rate setting used the outpatient hospital trend based on the historical trend. As of January 1, 2014, DMAS FFS started reimbursing outpatient hospital using Enhanced Ambulatory Patient Groups (EAPGs). Inflation adjustments will now be applied to outpatient hospital rates in the same manner as inpatient hospital. FY 2017 is the first year that outpatient hospital inflation has been modified. Outpatient hospital rates are going to be adjusted by 50% of inflation, 1.05%.

The outpatient hospital adjustment is structured similarly to the inpatient hospital adjustment. The adjustments are applied to the total outpatient hospital claims in the base period, excluding inpatient payments to CHKD.

There also is an MCO outpatient hospital rebasing adjustment. The rebasing adjustment is 0.1%.

These adjustment factors are shown in Exhibit I.2d.1 and applied to all hospital inpatient service categories in Exhibit I.4 under the column labeled "Policy and Program Adjustments."

The third outpatient adjustment is to apply the full inflation amount, an additional 1.05% inflation, for CHKD, similar to the inpatient adjustment, and will be subject to the rebasing adjustment.

The adjustment factors in Exhibit I.2d.2 for the outpatient adjustment factor are 0.07% for Emergency Room and 0.25% for Other Outpatient FAMIS and are applied to all hospital outpatient service categories in Exhibit I.4 under the column labeled "Policy and Program Adjustments."

Durable Medical Equipment fee adjustment

The FY 2015 Final Budget reduced Medicaid fees for the DME products covered under the Medicare competitive bid program to a level based on the average of the competitive bid prices in the three areas of the state that are included in the Medicare competitive bid program. This was estimated to result in \$4.9 million in total savings, and \$1.6 million in MCO savings. DMAS estimated that the rates are 33% lower than the current FFS Medicaid rates for these DME services. Many of the DME amounts paid by the MCOs were lower than the DMAS FFS Medicaid fee schedule.

DMAS provided a list of DME HCPCS codes subject to the Medicare competitive bid program and the average Medicare bid payment rate for three areas in Virginia that participate in the program. These were compared to the average per unit payment of the MCOs for those services to calculate the cost savings per unit and a savings percentage per affected DME code. This information was used to determine the proportion of DME claims in FY 2014 subject to the fee reduction and the average savings percentage based on the mix of DME codes subject to the savings. Overall, 2.3% of FAMIS DME claims dollars were for codes subject to the reduction, with an estimated savings of 29.3%.

This results in the adjustment factor shown in Exhibit I.2e and added in Exhibit I.4 under the column labeled "Policy and Program Adjustments."

Provider incentive adjustment

The Provider Incentive Payment Adjustment takes into consideration the various ways that health plans provide incentive payments to providers for coordinating care and ensuring access. Depending on the plan, this can be done through an increase in provider fee schedules, payment of case management fees, and/or provider incentive programs. To the extent that it has been used to increase professional fee schedules, the amount is already included in the claims and encounter data. Some plans reported the case management and incentive amounts as capitation payments. To avoid double counting, we did not include the value of the capitation amounts that plans reported as representing those payments in the base data. Their value has been incorporated into the Provider Incentive Payment Adjustment.

This adjustment represents the percentage value of the case management and provider incentive payments that are paid separately from the encounter data. The value of the FAMIS incentive is \$1.38 PMPM. This translates to 1.1% of the weighted average PMPM medical cost. This percentage is shown in Exhibit I.2f and is presented as the dollar value applicable to the rate cell in the service line labeled Provider Incentive Payment Adjustment in Exhibit I.4.

Hepatitis C treatment adjustment

With the recent approval of breakthrough drugs for the treatment of Hepatitis C and clinical trials that are expected to result in additional drug approvals in the next few years, standards of treatment for Hepatitis C are evolving rapidly. The most recent drugs, Sovaldi, Olysio, Harvoni, and Viekira Pak have fewer adverse side effects, are predicted to attain the desired sustained virological response levels in 90% of patients, and are much more expensive. In late January 2016, the FDA approved Zepatier, another drug that can be used for treatment of Hepatitis C and does not require concurrent treatment with interferon. The FY 2014-FY 2015 base period now includes approximately 18 months of Hepatitis C treatment experience since the approval of Sovaldi in early December 2013.

The DMAS Pharmaceutical and Therapeutics Committee recommended treatment protocols for Sovaldi and Olysio at its meeting in April 2014. Approvals and duration of treatment approval are dependent on genotype, treatment naïve or experienced, and the extent of liver damage (Metavir Score of F3 or greater). In addition, "Patient has abstained from the use of illicit drugs and alcohol for a minimum of three (3) months as evidenced by negative urine confirmation tests in each of the two months immediately prior to therapy." The proposed protocols are similar to protocols approved by other Medicaid agencies and commercial insurers and those recommended by the California Institute for Clinical and Economic Review in 2014.

Both the Centers for Disease Control and CMS recently recommended protocols that would result in more individuals being treated with drug therapies. The DMAS Pharmacy and Therapeutics Committee met in April 2016 and revised the treatment protocol. The revised treatment protocol applies to patients 18 years or older. As under the current protocol, the patient must be evaluated for current history of substance and alcohol abuse and level of kidney and liver impairment. Those with Metavir score of F2 or greater may be approved for drug therapy. Such documentation is not required if the patient 1) has a comorbid disease including HIV, hepatitis B or serious extra hepatic manifestations, 2) has renal failure, is on dialysis or has a liver transplant or 3) is diagnosed with

Genotype 3 hepatitis C. If patient's life expectancy is less than a year, they do not qualify for hepatitis C drug therapy treatment.

Analysis of the historical data indicated that approximately 0.3% of the FAMIS population was tested for the disease, approximately 0.03%, or 34 FAMIS children, have a diagnosis of Hepatitis C, and of those, no individuals have undergone drug therapy.

The Hepatitis C Drug treatment adjustment is developed by applying estimates of increases in Hepatitis C testing, identification of new cases, and increases in the frequency of drug treatment using the new drug regimens. The estimated increase in the percentage undergoing drug therapy is based upon identification of new treatment cases in the post FY 2015 period, with run out through February 2016. The number of new cases in the run out is annualized and compared to the actual number of cases with treatment in FY 2015. If the annualized cases with drug therapy in the run out period is less than the number of treated cases in FY 2015, the value is set to 0%. Then, using estimates of the proportion of the population by Hepatitis C infection, by fibrosis stage and age group,¹ factors are applied to estimate the increase in the percentage of the diagnosed population that is expected to receive drug therapy because of the change in the treatment protocol. The cost of the new Hepatitis C drug therapy is estimated to average \$90,000 per person, or approximately \$13,500 more than the \$76,477 average cost of drug therapy at the end of the period in the base data.

The calculation of the additional cost of Hepatitis C treatment is presented in Exhibit I.2g. The increase is converted to a percentage adjustment to total claims in the pharmacy service category. The adjustment is added in Exhibit I.4 under the column labeled "Policy and Program Adjustments."

ER Triage adjustment

The 2015 General Assembly final Budget conference report eliminated ER triage for physician services. Current DMAS FFS policy applies ER Triage review only to Level III ER claims. If a case is determined to have insufficient documentation of medical necessity for an emergency, DMAS may reduce the physician payment to an all-inclusive rate of \$22.06 for the code 99283 instead of paying the physician fee of \$43.54 plus ancillaries. Eliminating the ER Triage review would increase the Level III ER payment to physicians by the difference in the physician fee plus the average amount of ancillary services billed on those claims.

PwC prepared an estimate of the payment increase based upon review of historical Level III ER claims paid at the ER Triage rate.

The ER Triage adjustment reflects the additional amount estimated to cover the cost of discontinuing Level III Triage review and paying such claims at the average fee for CPT code 99283, plus the average of the ancillary payments that are associated with the claim. The historical base data was analyzed by health plan to identify the number of Level III ER claims paid at the ER Triage level and was re-priced to reflect each plan's average cost of a Level III professional claim paid in full. For Level III claims for FAMIS, this is approximately \$78,000 per year.

¹ McGarry, L. et al. *Economic Model of a Birth Cohort Screening Program for Hepatitis C Virus*. *Heptology*, Vol 55, no.5, 2012

Plan payment of the physician fee varied and the average of \$43.65 is slightly higher than the DMAS Medicaid fee schedule.

Approximately 4.8% of the Level III claims paid as ER Triage were for services to the FAMIS population. The paid amount of these claims is increased to the weighted average of the plan professional fee payment and then calculated as a percentage of the Professional Evaluation and Management service line.

The calculation of the additional cost is presented in Exhibit I.2h. The adjustment is added in Exhibit I.4 under the column labeled "Policy and Program Adjustments."²

RBRVS rebasing adjustment

Each year DMAS adjusts physician rates consistent with the Medicare Resource Based Relative Value Scale update in a budget neutral manner based on funding. Up until last year, the update was based solely on DMAS FFS data. Plans have reported that the rebasing is not cost neutral to their operations and that the impact on them varies. Last year the DMAS update used both FFS and MCO data. For the last two years of rate development, the DMAS analysis used both FFS and the MCO data, as repriced to the DMAS physician fee schedule. Claims covered all professional providers, including physicians, nurse practitioners, psychologists, therapists, opticians, and federally qualified health centers and the full range of CPT codes from 10000 to 99499. The new physician rates for FY 2017 resulted in a -0.14 percent reduction to the FAMIS and FAMIS MOMS. Other codes, such as J codes for drugs administered in an office setting, that are grouped in the professional service categories, are excluded from the adjustment.

The calculation of the RBRVS adjustment is shown in Exhibit I.2i. The adjustment is added in Exhibit I.4 under the column labeled "Policy and Program Adjustments."

Plan administration adjustment

The FAMIS plan administrative adjustment is calculated using the same methodology described for the LIFC and ABAD populations in the Medallion 3.0 report. The FAMIS program is included when the CY 2015 average administrative dollar PMPM is apportioned across the eligibility groups enrolled in the Virginia DMAS managed care programs and described in Medallion 3.0, Section II under the same subheading.

The resulting CY 2015 administrative cost of \$9.25 PMPM for FAMIS is the sum of lines 1 and 2 of the administrative adjustment exhibit. Trending the separate administrative expense and salary components increases the value to \$9.48 PMPM. To reflect an estimate of administrative activity rather than just differences in base costs, the administrative dollars PMPM were reallocated based on weighting by claims volume PMPM for each eligibility group on line 5b. The \$12.15 PMPM reallocated administrative costs are compared to the weighted

² Level III adjustment for FAMIS is estimated at \$78,000 annualized value and at \$1.55 million across all program, including AA/FC, ALTC/HAP and FAMIS.

average of the medical component of the FY 2017 FAMIS base rates to determine separate administrative allowances as a percentage of the base capitation rate.

This percentage is then increased by a 1.50% contribution to reserves. The allowance for a contribution to reserve is the same as in last year's rate setting. The trended value of the administrative factor is 10.1% for FAMIS.

As for LIFC and ABAD, a rate adjustment for the health insurance premium excise tax is not included in the administrative cost adjustment presented here. Separately, there will be a retroactive payment for the FY 2016 rate year. The September 2016 health plan assessment, a calculation based on their DMAS revenue and members in CY 2015 will not be final until August 2016 and will not be paid until September 2016. DMAS plans to make an aggregated retrospective adjustment to the FY 2016 capitation rates to reflect this cost and the applicable tax liability in late 2016.

The Consolidated Appropriations Act of 2016, Title II, § 201, Moratorium on Annual Fee on Health Insurance Providers, suspends collection of the health insurance provider fee for the 2017 calendar year. This 2017 moratorium applies to fee year 2017. Therefore, no fee will be due in fee year 2017 based on the 2016 data year. If the moratorium is not extended, an aggregated retrospective adjustment process will be used to pay the health insurer fee adjustment for the FY 2017 rates in the fall of 2018.

The administrative cost factor is applied to the total adjusted and trended claims amount for each rate payment category. This adjustment factor is applied in the final step of the per capita cost calculations after the application of the co-payment adjustment in Exhibit I.5a.

I.F. FAMIS Trend and IBNR Adjustments

Trend and IBNR adjustment factors use FAMIS encounter data and apply the same methodology described in the Medallion 3.0 report. We used the monthly historical health plan expenditures for FY 2014 and FY 2015 with run-out through October 2015 to develop the historical data period trend and monthly historical health plan expenditures from July 2012, the beginning of FY 2013, through June 2015 with run-out through February 2016 to develop the contract period trend.

We observed age-gender mix changes in the FAMIS population. Up through the first quarter of FY 2014, there was an increase in the proportion of higher cost FAMIS children, particularly the Under Age 1, likely due to the policy change which made children born to FAMIS MOMS eligible for FAMIS without an application. This has been followed by a decrease in the number and proportion of Under 1 and Age 1-5. This decrease is consistent with the end of new enrollment in FAMIS MOMS, the major source of newborns for the FAMIS program, at the end of 2013. This is also when DMAS began to assess new applicants for Medicaid eligibility under the 138% FPL family income criteria that was effective January 1, 2014. At the same time, we observe an increase in the proportion in Age 6-14 and both the male and females Age 15 to 20 rate cells.

Because of the changes in the Under Age 1, this age group is excluded from the trend development and the calculation of the age-gender adjustment.

With Under Age 1 excluded, analysis of the period evaluated for data trend shows an age-gender overall risk mix for all services was essentially unchanged with a -.07% factor from July 2013 to June 2015. Analysis of the period evaluated for contract trend shows an age-gender decrease of -1.04% for inpatient hospital, -0.83% for outpatient hospital and -.81% for professional services, although pharmacy increased by 1.76%. Overall, the risk mix for all services combined was -0.18% from July 2012 to February 2016. The age gender adjustment factors applied to the contract period service trend models is shown in Table I.2.

Table I.2.

Estimated Change in Age-Gender Mix : July 2012 to February 2016

AID Group	IP Med/Surg & Psych	OP/HH	Prof	Pharmacy	Other	All Services
FAMIS	-1.04%	-0.83%	-0.81%	1.76%	0.06%	-0.18%

In addition to the age-gender adjustments, the trend models apply an adjustment to remove the impact of increases or decreases to services that are already reflected in the adjustment Exhibits I.2a to I.2i. For FY 2017, the adjustment is applied to inpatient hospital and is the same values as for LIFC Child, LIFC Adult and ABAD. It is presented in the following table.

Table I.3

Summary of Adjustments to Trend

Service	Time Period	Adjustment
Inpatient Hospital	July 2013 – June 2014	0.955
	July 2014 – June 2015	1.000

Incurred But Not Reported (IBNR) completion factors in the first column of Exhibit I.3 are based on the FAMIS historical data and are applied to the total claims in the first column of Exhibit I.4, with the dollar value of the IBNR completion factors shown in the second column of that exhibit. The data used in this analysis has run-out through October 2015 or four months past the end of the data period, and the resulting IBNR factors are generally small. IBNR factors for Outpatient Hospital, Inpatient Psychiatric, Inpatient Hospital, Practitioner, Prescription Drug and Other services are all calculated to be 1.4% or less. The second column of Exhibit I.3 provides information on the cumulative impact of the policy and program adjustments in Exhibits I.2a - I.2i. This is for informational purposes and should be evaluated in conjunction with the IBNR and applied trend.

Utilization and cost trend are presented separately for the data period and as a combined trend for the contract period. Overall, the data period trend, using the adjusted FAMIS trend factors and weighted by the service

distribution in the FAMIS population, has a weighted average of 3.4%. The contract period trend is positive with a weighted average of 2.3%.

The resulting trend factors are shown in Exhibit I.3. These trend and IBNR factors are applied to the historical data in Exhibit I.4 by applicable service category. The Exhibit I.4 includes an additional column "Base Claims Redistribution FY14-15" which represents the redistributed value of individual annual inpatient claims costs above \$250,000. Approximately \$1,967,000, or 9.0% of the inpatient dollars, was redistributed across the inpatient hospital service lines. IBNR is applied to the Total Base Claims excluding the redistributed dollars.

I.G. Capitation rates for FAMIS

Adjustment for FAMIS co-payment schedule

The FAMIS benefit package includes member co-payments for inpatient admissions, physician office visits, and outpatient pharmacy services. FAMIS copayments have not changed over time. Using this information, the historical data for each plan was increased separately for the under and over 150% FPL populations by the value of the co-payments. The total value of the co-payments was added to the historical claims base in Exhibit I.1 to arrive at a total cost of services. The co-payment adjustment is applied for major service categories. There are some differences among plan co-payment schedules, such as variation between medical supplies and DME co-payments, which are not applied because of insufficient information or lack of claims detail. FFS FAMIS copayments were blended with the reported MCO copayment amounts.

The final step in developing the capitation rates for FAMIS is to adjust the combined base rates for the under 150% FPL and over 150% FPL. This was done through a factor that valued the differences in the co-payment amount for separate categories relative to the average utilization of the entire FAMIS population. The separate under 150% FPL and over 150% FPL co-payment adjustment values for medical services for each age-gender cell is shown under the columns Copay Value FAMIS ≤ 150% and Copay Value FAMIS > 150% in Exhibit I.5a. The co-payment adjustments for FY 2017 are similar to those that were applied to the FY 2016 FAMIS rate setting for both those under 150% and those over 150% FPL. These values are subtracted from the medical component of the base rate.

The administrative factor is then applied to the medical component of the capitation rate to produce the statewide FAMIS rates. The resulting values are shown in the last two columns of Exhibit I.5a.

Exhibit I.5b is the summary comparison of FY 2016 and FY 2017 FAMIS rates. Compared to those rates, average statewide FAMIS ≤ 150% FPL rates increase 10.01% and average state wide FAMIS > 150% FPL rates increase 8.93% with a weighted average increase of 9.00%. This comparison uses the FAMIS member months as of February 2016 which are shown in Exhibit I.5c.

Drug reinsurance adjustment

The drug reinsurance adjustment was calculated for the populations similarly to the process described for Medallion 3.0.

Exhibit I.6 presents the steps in the reinsurance calculation and information on the number of people who met the threshold in each of the base years. For FY 2014, the dollars above the discounted threshold amounts were trended 36 months at 15% (three years to the midpoint of the FY 2017 period ended June 30, 2017). This amount is reduced by \$150,000 per person plus the additional 10% of risk that will be retained by the health plans. This is the estimate of the 90% reinsurance pool for that year. Because of the uncertainty, the number of people estimated to reach the threshold is increased by 20% and the reinsurance pool is increased by the number of additional individuals multiplied by the average cost with the applied specialty trend.

The calculation is repeated for the FY 2015 dollars above the discounted threshold amount, which is trended at 15% for 24 months (two years to the midpoint of the FY 2017 period ended June 30, 2017). The number of people estimated to reach the threshold is increased by 20% and their costs are added to the reinsurance pool. The average of the two year base period reinsurance pool is divided by the historical members in the aid category to develop each reinsurance amount PMPM.

The reinsurance amount is \$1.99 PMPM for FAMIS. This amount will be subtracted from the health plan capitation payment for each rate cell to fund a drug reinsurance pool.

Performance Incentive Award

As with the Medallion 3.0 program, beginning FY 2016, the FAMIS program is included in the DMAS Performance Incentive Award (PIA) program. This builds upon a pilot program established in FY 2015 and the FY 2017 Performance Incentive Award will be based upon criteria established by DMAS using three HEDIS 2017 measures and three FY 2017 administrative measures designed to measure managed care quality. The Performance Incentive Award, or penalty, will be relative to performance among the contracting health plans. The maximum amount at risk for each Contractor is 0.15% of the PMPM capitation rate and the maximum award is 0.15% of the PMPM capitation rate. Total awards for all Contractors will equal total penalties for all Contractors.

The structure of the PIA follows the HEDIS reporting year time frame. HEDIS 2017, for instance, reflects services provided in the calendar year 2016. The three administrative measures are based on the monthly reporting deliverables received by the Department from July 1 to June 31 of each measurement year.

DMAS anticipates that report cards for each health plan will be completed by December 31, 2017 for FY 2017. Payment or penalties pursuant to the PIA will be distributed by March 2018. This process and the schedule will recur in the following years.

The value of the 0.15% maximum Performance Incentive award or penalty is not reflected in the FY 2017 capitation rates because total awards for all Contractors will equal total penalties for all Contractors.

The adjusted FAMIS rates, net of drug reinsurance, are presented in Exhibit I.7.

II. FAMIS MOMS program rate development

II.A. Introduction

Title XXI does not impose specific rate setting requirements on states. Similar to most states, Virginia has chosen to mirror the Medicaid rate setting methodology for FAMIS MOMS, with appropriate adjustments to recognize differences in the covered population and the goals of the program. The FAMIS MOMS PMPM calculation relies on the analysis of health plan data submissions for this enrolled population with adjustments that would meet the test of actuarial soundness. There is a single statewide rate for FAMIS MOMS.

II.B. FAMIS MOMS program description

The 2004-2005 Virginia General Assembly budgeted funding for a program “to expand prenatal care, pregnancy-related services, and 60 days of post-partum care under FAMIS to an annual estimated 380 pregnant women who were 19 or older with annual family income less than or equal to 150 percent of the federal poverty level.

FAMIS MOMS provides full Medicaid benefits for pregnant women to the covered Federal Poverty Level (FPL) through the CHIP program. Full Medicaid benefits for pregnant women include all services, except dental, and include non-emergency transportation, which is not a covered benefit for FAMIS children. Pregnant women who are under age 21 are also eligible for EPSDT-related services. The provision of full Medicaid benefits also means that, in contrast to the FAMIS program for children, there are no co-payments for services.

Since the program was established there have been eligibility income expansions in the FAMIS MOMS program and it now covers pregnant women up to 200% of FPL. The schedule of the income expansions was:

Table II.1 FAMIS MOMS income eligibility	
Federal poverty level	Effective date
133-150% FPL	August 1, 2005
133-166% FPL	September 1, 2007
133-185% FPL	July 1, 2008
133-200% FPL	July 1, 2009
New Enrollment Discontinued	December 31, 2013
133- 200% FPL	December 1, 2014

The FAMIS MOMS program was discontinued for most of CY 2014. DMAS halted new enrollment into the FAMIS MOMS program on December 31, 2013. This decision by the General Assembly was based on the assumption that these higher income pregnant women are eligible to enroll in the Qualified Health Plans that are available through the Federal Health Benefits Exchange. The program was reinstated with the first FAMIS MOMS enrollment

effective December 1, 2014 for pregnant women up to 200% of the Federal Poverty Level. In 2016 this is an annual income up to \$23,540 for a single person.

Eligibility begins with a determination of pregnancy and income verification and continues through the month of delivery, plus an additional two months. One important difference between Medicaid for pregnant women (under either FFS or Medallion 3.0) and FAMIS MOMS is that Medicaid offers up to three months of retroactive coverage while the FAMIS MOMS' effective date of coverage is the first of the month that the signed application was received. There is no retroactive coverage for FAMIS MOMS enrollees. Based on a policy change effective July 1, 2010, babies born to FAMIS MOMS are automatically covered for the birth month plus two additional months but not beyond the first three months. The baby is eligible for additional coverage through the first year of life, and may be determined eligible for either FAMIS or the Medicaid Medallion 3.0 program, FAMIS Plus.

Eligible women are enrolled in managed care plans wherever possible. If a woman's FFS OB-GYN participates with one of the available managed care organizations, DMAS will transition her into that MCO to provide continuity of care. However, similar to Medicaid rules, a woman can opt out of an MCO if she is in her last trimester and her regular OB-GYN does not participate with the MCO. Beginning March 1, 2015, pregnant women enrolled in FAMIS MOMS will receive dental benefits during the pregnancy and for 60 days following the birth of the child. However, services are administered through the Smiles For Children program rather than through MCOs. Services include: x-rays and examinations, cleanings, fillings, root canals, gum related treatment, crowns, bridges, partials and dentures, tooth extractions and other oral surgeries, and other appropriate services.

II.C. Data book

Approach to rate setting for FAMIS MOMS

The FY 2017 FAMIS MOMS rate setting uses MCO data for FY 2014 and FY 2015, the period from July 1, 2013 to June 30, 2015. In developing proposed capitation rates, a key consideration is the method by which women will be enrolled in the health plan and the potential variation in the length of plan enrollment. A very small difference in the average length of plan enrollment can have a material difference in the capitation rate, since most of the cost is incurred at the time of delivery and is not evenly spread over the entire pregnancy and eligibility period.

Originally, PwC used the available MCO health plan encounter and claims data for a similar LIFC population, program category PD-91, in conjunction with the available FAMIS MOMS data, to develop rates for FAMIS MOMS. Analysis showed that while there is small enrollment and some unexpected anomalies in the data, the results are sufficiently stable to allow development of the capitation rate directly from the population that is covered by the program. Since FY 2012, we use only FAMIS MOMS data, both for base data and trend development in the rate setting. Although DMAS discontinued FAMIS MOMS enrollment as of December 31, 2013, those enrolled prior to December 31, 2013 continued to be eligible for services until three months after the last of these eligibles completed her pregnancy. As a result, FAMIS MOMS rates for FY 2015 were increased to reflect the higher proportion of delivery costs. With the reinstatement of the program, we believe that the costs will return to levels similar to those seen in the program before the halt in new enrollment.

Development of the Data Book for FAMIS MOMS rate setting follows the same methodology described in the Medallion 3.0 report, including use of the DMAS capitation payment file to determine eligibility, claims matching, and inclusion of sub capitated services.

II.D. FAMIS MOMS legislative and program adjustments

In general, the methodology for FAMIS MOMS adjustments is similar to the adjustments in the Medallion 3.0 report. Actual adjustment values may differ where the adjustment is developed using FAMIS MOMS encounter data instead of Medallion 3.0 encounter data. All of these adjustment are reflected in the column “Policy and Program Adjustments” in Exhibit II.4 except for the Provider Incentive and Administrative Cost Adjustments.

The historical data presented in Exhibit II.1 is adjusted by the policy and program factors summarized in the table (Exhibits II.2a to II.2g) and the Trend and IBNR factors (Exhibit II.3).

Table II.2		
Medallion 3.0 Adjustment Methodology Used in FAMIS MOMS Rates		
Medallion Exhibit Number and Adjustment Name	FAMIS MOMS Exhibits	FAMIS MOMS values
2a Pharmacy Adjustment	2a	2a: -0.5% applied to pharmacy services
2b Exempt Infant Formula Carveout	Not applicable	Applies only to children
2c Hospital Inpatient Adjustments	2b	2b: -1.6% Inpatient Medical/Surgical, 25.7% Inpatient Psychiatric
2d Freestanding Psychiatric Hospital	Not applicable	Not a covered FAMIS MOMS service
2e Outpatient Hospital Adjustments	2c	2c: 1.15% applies to OP-ER and related and OP-Other
2f DME Fee Adjustment	2d	2d: -0.1% applied to DME services
2g Provider Incentive	2e	2e: \$1.43 PMPM and 0.13% of the weighted average PMPM medical cost
2h Hepatitis C Adjustment	2f	2f: 0.05% applied to Pharmacy
2i ER Triage Adjustment	2g	2g: 0.59% applied to Professional Evaluation and Management
2j RBRVS Adjustment	2h	2h: -0.12% applied to professional services
2k Administrative Cost	2i	2i: \$40.96 PMPM based on reallocation weighted by claims, or 5.1% of base capitation rate with contribution to reserves

Pharmacy adjustment

The size and drug utilization of the FAMIS MOMS population is not sufficient to allow the plans to negotiate levels of rebate that were contracted for the Medicaid managed care population. Based on plan submitted data, we do not expect additional reductions to the managed care rebate and use the health plan projection of 1.6%.

The final pharmacy adjustment factors are shown in Exhibit II.2a. The PBM factor is a reduction of 0.5%.

Hospital Inpatient adjustment

The hospital capital percentage averaged 8.9% during the FY 2014- FY 2015 base period. The percentage was decreased to 8.5% in FY 2016 and is expected to remain at that value in FY 2017.

There are no unit cost adjustments for either FY 2015 or FY 2016. The Virginia General Assembly authorized a unit cost adjustment for FY 2017 equal to half the regulatory inflation, a value of 1.05%.

Hospital reimbursement rates are being rebased for FY 2017. For inpatient medical/surgical, the rebasing is a negative adjustment of 2.65%. For inpatient psychiatric in acute care hospitals, it is a positive adjustment of 27%. The inpatient psychiatric factor is applied to mental health claims that are submitted with FFS payment detail and the allocated inpatient mental health subcapitation dollars

These adjustment factors are shown in Exhibit II.2b and applied to all hospital inpatient service categories in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

Outpatient hospital adjustment

There are two adjustment to outpatient hospital for FY 2017. DMAS used to pay outpatient hospital as a percent of cost and rate setting used the outpatient hospital trend based on the historical trend. As of January 1, 2014, DMAS FFS started reimbursing outpatient hospital using Enhanced Ambulatory Patient Groups (EAPGs). Inflation adjustments will now be applied to outpatient hospital rates in the same manner as inpatient hospital. FY 2017 is the first year that outpatient hospital inflation has been modified. Outpatient hospital rates are going to be adjusted by 50% of inflation, a value of 1.05%.

There also is an MCO outpatient hospital rebasing adjustment. The rebasing adjustment is 0.1%.

These adjustment factors are shown in Exhibit II.2c and applied to all hospital inpatient service categories in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

Durable Medical Equipment fee adjustment

This is calculated in the same way as in the Medallion 3.0 and FAMIS program and uses the FAMIS MOMS experience. Overall, 1.0% of FAMIS MOMS DME claims dollars were for codes subject to the reduction and the expected savings on this subset averaged 14.1%.

This results in adjustment factor reduction of -0.1%. It is shown in Exhibit II.2d and added in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

Provider incentive adjustment

This adjustment represents the percentage value of the case management and provider incentive payments that are paid separately from the encounter data. The value of the FAMIS MOMS incentive is \$1.43 PMPM. This translates to 0.13% of the weighted average PMPM medical cost. This percentage is shown in Exhibit II.2e and is presented as the dollar value applicable to the rate cell in the service line labeled Provider Incentive Payment Adjustment in Exhibit II.4.

Hepatitis C treatment adjustment

The Hepatitis C Drug treatment adjustment is developed by applying estimates of increases in Hepatitis C testing, identification of new cases, and increases in the frequency of drug treatment using the new drug regimens. The cost of the new Hepatitis C drug therapy is estimated to average \$90,000 per person, or \$13,500 more than the average cost of drug therapy in the base data. Analysis of the historical data indicated that approximately 1.7% of the FAMIS MOMS population was tested for the disease, approximately 0.36%, or 13 FAMIS MOMS, had a diagnosis of Hepatitis C, and of those, none have undergone drug therapy.

The calculation of the additional cost of Hepatitis C treatment is presented in Exhibit II.2f. The increase is converted to a percentage adjustment to total claims in the pharmacy service category, and is 0.05% for FAMIS MOMS. The adjustment is added in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

ER Triage adjustment

The 2015 General Assembly final Budget conference report eliminated ER triage for physician services. Current DMAS FFS policy applies ER Triage review only to Level III ER claims. If a case is determined to have insufficient documentation of medical necessity for an emergency, DMAS may reduce the physician payment to an all-inclusive rate of \$22.06 for the code 99283 instead of paying the physician fee of \$43.54 plus ancillaries. Eliminating the ER Triage review would increase the Level III ER payment to physicians by the difference in the physician fee plus the average amount of ancillary services billed on those claims.

PwC prepared an estimate of the payment increase based upon review of historical Level III ER claims paid at the ER Triage rate. The ER Triage adjustment reflects the additional amount estimated to cover the cost of discontinuing Level III Triage review and paying such claims at the average fee for CPT code 99283, plus the average of the ancillary payments that are associated with the claim. The historical base data was analyzed by health plan to identify the number of Level III ER claims paid at the ER Triage level and was re-priced to reflect each plan’s average cost of a Level III professional claim paid in full. For Level III claims for FAMIS MOMS, this is approximately \$5,000 per year. Plan payment of the physician fee varied and the average of \$43.65 is slightly higher than the DMAS Medicaid fee schedule.

Approximately 0.1% of the Level III claims paid as ER Triage were for services to the FAMIS MOMS population. The paid amount of these claims is increased to the weighted average of the plan professional fee payment and then calculated as a percentage of the Outpatient Hospital – Emergency Room and Related service line.

The calculation of the additional cost is presented in Exhibit II.2g. The adjustment is added in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

RBRVS rebasing adjustment

Each year DMAS adjusts physician rates consistent with the Medicare Resource Based Relative Value Scale update in a budget neutral manner based on funding. Up until last year, the update was based solely on DMAS FFS data. Plans have reported that the rebasing is not cost neutral to their operations and that the impact on them varies. Last year the DMAS update used both FFS and MCO data. For the last two years of rate development, the DMAS analysis used both FFS and the MCO data, as repriced to the DMAS physician fee schedule. Claims covered all professional providers, including physicians, nurse practitioners, psychologists, therapists, opticians, and federally qualified health centers and the full range of CPT codes from 10000 to 99499. The new physician rates for FY 2017 resulted in a -0.14 percent reduction to the FAMIS and FAMIS MOMS. Other codes, such as J codes for drugs administered in an office setting, that are grouped in the professional service categories, are excluded from the adjustment.

The managed care professional fee adjustment is -0.12% for FAMIS MOMS. The calculation of the RBRVS adjustment is shown in Exhibit II.2h. The adjustment is added in Exhibit II.4 under the column labeled “Policy and Program Adjustments.”

Plan administration adjustment

The administrative allowance for FAMIS MOMS is calculated using the same revised approach that was used to develop the administrative allowance for the Medallion 3.0 and FAMIS programs. These administrative dollars were based upon trended CY 2015 costs PMPM that were then reallocated based on weighting by claims volume PMPM for each eligibility group. The CY 2015 base of \$78.69 PMPM value is trended. The reallocation decreases the FAMIS MOMS administrative cost adjustment from \$80.65 PMPM to \$40.96 PMPM.

The reallocated administrative cost is compared to the medical component of the FY 2017 base rate to determine administrative allowance as a percentage of the base capitation rate, a value of 3.6%. This percentage is then increased by a 1.50% contribution to reserves. The allowance for a contribution to reserve is the same as in last year's rate setting. With the contribution to reserves, the final administrative factor is 5.1% for FAMIS MOMS.

This adjustment factor is shown in Exhibit II.2i and is presented as the dollar value applicable to rate cell in the line labeled Admin Cost Adjustment in Exhibit II.4.

II.E. FAMIS MOMS trend and IBNR adjustments

Trend and IBNR adjustment factors uses FAMIS MOMS encounter data and applies the same methodology described in the Medallion 3.0 report. This uses monthly historical health plan expenditures for FY 2014 and FY 2015 with run-out through October 2015 to develop the historical data period trend and the monthly health plan expenditures for FY 2013 through June 2015 with run-out through February 2016 to develop the contract period trend. Although FAMIS MOMS data is used to develop trend for the majority of the service categories, Inpatient Psychiatric is using the LIFC Adult values.

There is no age-gender adjustment for FAMIS MOMS and the Inpatient Hospital trend analysis incorporates the same adjustment as that used for FAMIS and presented in Table I.3.

IBNR completion factors in the first column of Exhibit II.3 are applied to the total claims in the first column of Exhibit II.4 and the dollar value of the IBNR completion factors are shown in the second column of that exhibit. Since the data used in this analysis has run-out through October 2014, or four months past the end of the data reporting period, the resulting IBNR factors are generally small. IBNR factors for Inpatient Medical/Surgical, Inpatient Psychiatric, Outpatient, Practitioner, Prescription Drug and Other services are all 0.5% or less. The second column of Exhibit II.3 is information on the cumulative impact of the policy and program adjustments in Exhibits II.2a to II.2g. This is for informational purposes and should be evaluated in conjunction with the IBNR and applied trend.

Utilization and cost trend are presented separately for the data period and as a combined trend for the contract period. The weighted average data period trend assigned is an increase of 7.1%. Overall contract period trend is a weighted average increase of 7.6%. Any negative contract period trends have been set to 0.0%.

The resulting trend factors are shown in Exhibit II.3. These trend and IBNR factors are applied to the historical data in Exhibit II.4 by applicable service category.

II.F. Capitation rates for FAMIS MOMS

The historical data presented in Exhibit II.1 is adjusted by the factors shown in Exhibits II.2a through II.2i and the Trend and IBNR factors in Exhibit II.3. The administrative adjustment is then added to the completed and adjusted claims. The result of these calculations is shown in Exhibit II.4.

FY 2017 FAMIS MOMS base rate of \$1,139.21 is presented in Exhibit II.5. The comparison of FAMIS MOMS rates from FY 2016 and FY 2017 is also shown in Exhibit II.5 and is an increase of 3.3% compared to the FY 2016 FAMIS MOMS rate.

The FAMIS MOMS program will be not be included in the DMAS Performance Incentive Award (PIA) program.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age Under 1												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	32,895	19,734										
Service Type												
DME/Supplies	\$100,415	\$77,990	\$0	\$0	\$3.05	\$3.95	1,551	1,016	566	618	\$64.74	\$76.76
FQHC / RHC	\$44,694	\$19,307	\$0	\$0	\$1.36	\$0.98	896	374	327	227	\$49.88	\$51.62
Home Health	\$5,449	\$4,178	\$0	\$0	\$0.17	\$0.21	31	13	11	8	\$175.77	\$321.42
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$5,887,411	\$759,267	\$0	\$0	\$178.98	\$38.48	1,638	261	598	159	\$3,594.27	\$2,909.07
IP - Other	\$1,054,838	\$198,126	\$0	\$0	\$32.07	\$10.04	119	44	43	27	\$8,864.18	\$4,502.85
IP - Psych	\$0	\$0	\$14,241	\$7,994	\$0.43	\$0.41	0	0	-	-	-	-
Lab	\$50,149	\$47,265	\$19,204	\$11,312	\$2.11	\$2.97	4,852	3,630	1,770	2,207	\$14.29	\$16.14
OP - Emergency Room & Related	\$326,766	\$233,276	\$0	\$0	\$9.93	\$11.82	2,156	1,606	787	977	\$151.56	\$145.25
OP - Other	\$479,518	\$327,590	\$0	\$0	\$14.58	\$16.60	2,062	1,299	752	790	\$232.55	\$252.19
Pharmacy	\$628,156	\$261,140	\$0	\$0	\$19.10	\$13.23	8,664	4,588	3,161	2,790	\$72.50	\$56.92
Prof - Anesthesia	\$35,901	\$15,567	\$0	\$0	\$1.09	\$0.79	191	92	70	56	\$187.96	\$169.21
Prof - Child EPSDT	\$723,337	\$352,653	\$0	\$0	\$21.99	\$17.87	17,829	7,990	6,504	4,859	\$40.57	\$44.14
Prof - Evaluation & Management	\$3,046,712	\$1,157,413	\$13,941	\$9,867	\$93.04	\$59.15	37,759	16,592	13,774	10,089	\$81.06	\$70.35
Prof - Maternity	\$1,929	\$7,765	\$0	\$0	\$0.06	\$0.39	2	7	1	4	\$964.43	\$1,109.30
Prof - Other	\$1,834,301	\$1,012,778	\$2,817	\$1,552	\$55.85	\$51.40	32,365	17,891	11,807	10,879	\$56.76	\$56.69
Prof - Psych	\$572	\$1,140	\$14,640	\$8,218	\$0.46	\$0.47	9	17	3	10	\$1,690.27	\$550.45
Prof - Specialist	\$223,858	\$72,646	\$0	\$0	\$6.81	\$3.68	1,881	909	686	553	\$119.01	\$79.92
Prof - Vision	\$15,250	\$11,254	\$37,870	\$22,819	\$1.61	\$1.73	248	169	90	103	\$214.20	\$201.61
Radiology	\$47,547	\$23,164	\$581	\$310	\$1.46	\$1.19	2,930	953	1,069	580	\$16.43	\$24.63
Transportation/Ambulance	\$27,191	\$11,457	\$11,432	\$8,209	\$1.17	\$1.00	204	102	74	62	\$189.33	\$192.81
Total	\$14,533,994	\$4,593,975	\$114,727	\$70,282	\$445.32	\$236.36	115,387	57,553				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 1-5												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	214,752	203,157										
Service Type												
DME/Supplies	\$306,584	\$286,329	\$0	\$0	\$1.43	\$1.41	3,934	3,864	220	228	\$77.94	\$74.10
FQHC / RHC	\$115,559	\$92,983	\$0	\$0	\$0.54	\$0.46	2,790	2,269	156	134	\$41.42	\$40.97
Home Health	\$24,408	\$8,119	\$0	\$0	\$0.11	\$0.04	110	74	6	4	\$221.92	\$109.51
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$1,802,241	\$3,895,707	\$0	\$0	\$8.39	\$19.18	324	281	18	17	\$5,554.61	\$13,872.21
IP - Psych	\$0	\$10,511	\$91,628	\$79,773	\$0.43	\$0.44	1	13	0	1	\$75,341.96	\$6,933.58
Lab	\$343,955	\$391,253	\$128,635	\$121,067	\$2.20	\$2.52	32,934	32,900	1,840	1,943	\$14.35	\$15.57
OP - Emergency Room & Related	\$1,659,768	\$1,716,638	\$0	\$0	\$7.73	\$8.45	10,056	12,256	562	724	\$165.05	\$140.07
OP - Other	\$3,368,022	\$3,154,200	\$0	\$0	\$15.68	\$15.53	8,009	9,003	448	532	\$420.52	\$350.34
Pharmacy	\$3,208,136	\$3,265,911	\$0	\$0	\$14.94	\$16.08	59,055	53,026	3,300	3,132	\$54.32	\$61.59
Prof - Anesthesia	\$189,314	\$172,399	\$0	\$0	\$0.88	\$0.85	1,385	1,378	77	81	\$136.64	\$125.08
Prof - Child EPSDT	\$740,182	\$668,635	\$0	\$0	\$3.45	\$3.29	23,375	19,564	1,306	1,156	\$31.67	\$34.18
Prof - Evaluation & Management	\$5,735,736	\$5,576,013	\$89,800	\$106,568	\$27.13	\$27.97	87,991	85,606	4,917	5,057	\$66.21	\$66.38
Prof - Maternity	\$1,036	\$9,738	\$0	\$0	\$0.00	\$0.05	2	15	0	1	\$432.03	\$641.04
Prof - Other	\$1,996,177	\$2,225,225	\$19,210	\$16,782	\$9.38	\$11.04	57,842	56,883	3,232	3,360	\$34.84	\$39.41
Prof - Psych	\$44,945	\$46,826	\$94,196	\$82,009	\$0.65	\$0.63	1,071	985	60	58	\$129.97	\$130.85
Prof - Specialist	\$522,094	\$623,269	\$0	\$0	\$2.43	\$3.07	6,043	5,591	338	330	\$86.40	\$111.48
Prof - Vision	\$117,042	\$134,663	\$251,226	\$242,844	\$1.71	\$1.86	2,120	2,096	118	124	\$173.74	\$180.11
Radiology	\$103,760	\$101,675	\$3,604	\$3,376	\$0.50	\$0.52	6,115	6,102	342	360	\$17.56	\$17.22
Transportation/Ambulance	\$69,360	\$83,030	\$74,793	\$76,078	\$0.67	\$0.78	559	601	31	35	\$257.76	\$264.93
Total	\$20,348,319	\$22,463,124	\$753,092	\$728,496	\$98.26	\$114.16	303,717	292,506				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

Section I

FY 2017 Capitation Rate Development for the FAMIS Program

Exhibit 1

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Age 6-14												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	352,245	362,270										
Service Type												
DME/Supplies	481,221	516,327.98	\$0	\$0	\$1.37	\$1.43	4,186	4,427	143	147	\$114.97	\$116.64
FQHC / RHC	\$106,655	\$110,944	\$0	\$0	\$0.30	\$0.31	2,490	2,560	85	85	\$42.83	\$43.33
Home Health	\$15,648	\$52,610	\$0	\$0	\$0.04	\$0.15	54	70	2	2	\$290.36	\$747.73
IP - Maternity	\$4,629	\$9,487	\$0	\$0	\$0.01	\$0.03	1	3	0	0	\$3,859.49	\$2,917.20
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$2,543,161	\$2,271,944	\$0	\$0	\$7.22	\$6.27	526	259	18	9	\$4,839.37	\$8,758.75
IP - Psych	\$355,632	\$373,617	\$149,003	\$123,019	\$1.43	\$1.37	798	935	27	31	\$632.14	\$531.20
Lab	\$409,410	\$495,853	\$219,842	\$224,784	\$1.79	\$1.99	40,715	42,945	1,387	1,423	\$15.46	\$16.78
OP - Emergency Room & Related	\$2,208,584	\$2,179,250	\$0	\$0	\$6.27	\$6.02	9,460	11,985	322	397	\$233.48	\$181.83
OP - Other	\$3,823,802	\$3,681,326	\$0	\$0	\$10.86	\$10.16	11,154	11,934	380	395	\$342.81	\$308.46
Pharmacy	\$9,488,186	\$10,341,741	\$0	\$0	\$26.94	\$28.55	108,117	103,381	3,683	3,424	\$87.76	\$100.04
Prof - Anesthesia	\$151,833	\$122,778	\$0	\$0	\$0.43	\$0.34	1,091	1,018	37	34	\$139.14	\$120.64
Prof - Child EPSDT	\$161,022	\$124,896	\$0	\$0	\$0.46	\$0.34	6,611	4,891	225	162	\$24.36	\$25.54
Prof - Evaluation & Management	\$6,428,904	\$6,682,005	\$126,093	\$170,519	\$18.61	\$18.92	96,965	101,734	3,303	3,370	\$67.60	\$67.36
Prof - Maternity	\$1,106	\$3,637	\$0	\$0	\$0.00	\$0.01	2	13	0	0	\$461.10	\$279.61
Prof - Other	\$3,219,961	\$3,345,910	\$32,197	\$30,519	\$9.23	\$9.32	70,615	72,571	2,406	2,404	\$46.06	\$46.53
Prof - Psych	\$470,022	\$539,494	\$165,789	\$154,996	\$1.81	\$1.92	10,843	11,243	369	372	\$58.64	\$61.77
Prof - Specialist	\$872,485	\$807,427	\$0	\$0	\$2.48	\$2.23	8,046	7,441	274	246	\$108.43	\$108.50
Prof - Vision	\$292,029	\$331,391	\$415,492	\$436,757	\$2.01	\$2.12	6,970	5,714	237	189	\$101.50	\$134.44
Radiology	\$284,718	\$297,921	\$4,498	\$4,817	\$0.82	\$0.84	12,785	13,039	436	432	\$22.62	\$23.22
Transportation/Ambulance	\$95,759	\$93,377	\$122,062	\$132,049	\$0.62	\$0.62	905	947	31	31	\$240.71	\$238.12
Total	\$31,414,769	\$32,381,936	\$1,234,978	\$1,277,458	\$92.69	\$92.91	392,335	397,111				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 15-18 Female												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	61,212	62,580										
Service Type												
DME/Supplies	91,006.92	101,152.71	\$0	\$0	\$1.49	\$1.62	737	794	145	152	\$123.41	\$127.32
FQHC / RHC	\$35,878	\$34,631	\$0	\$0	\$0.59	\$0.55	909	706	178	135	\$39.49	\$49.05
Home Health	\$1,706	\$8,927	\$0	\$0	\$0.03	\$0.14	13	14	3	3	\$132.96	\$639.84
IP - Maternity	\$233,683	\$275,656	\$0	\$0	\$3.82	\$4.40	100	97	20	19	\$2,345.69	\$2,833.85
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$691,087	\$529,742	\$0	\$0	\$11.29	\$8.47	91	80	18	15	\$7,617.70	\$6,591.50
IP - Psych	\$150,762	\$245,302	\$23,589	\$23,471	\$2.85	\$4.29	378	486	74	93	\$461.68	\$553.19
Lab	\$187,724	\$198,189	\$38,786	\$39,223	\$3.70	\$3.79	15,479	13,787	3,035	2,644	\$14.63	\$17.22
OP - Emergency Room & Related	\$865,741	\$748,837	\$0	\$0	\$14.14	\$11.97	2,961	3,017	580	579	\$292.40	\$248.18
OP - Other	\$1,208,738	\$1,061,629	\$0	\$0	\$19.75	\$16.96	3,174	3,387	622	649	\$380.82	\$313.45
Pharmacy	\$1,654,724	\$1,749,065	\$0	\$0	\$27.03	\$27.95	30,088	26,160	5,899	5,016	\$55.00	\$66.86
Prof - Anesthesia	\$44,561	\$49,404	\$0	\$0	\$0.73	\$0.79	311	360	61	69	\$143.13	\$137.34
Prof - Child EPSDT	\$39,537	\$41,064	\$0	\$0	\$0.65	\$0.66	1,548	1,352	303	259	\$25.54	\$30.38
Prof - Evaluation & Management	\$1,457,742	\$1,405,171	\$19,645	\$28,177	\$24.14	\$22.90	21,417	20,889	4,199	4,006	\$68.98	\$68.62
Prof - Maternity	\$136,577	\$174,452	\$0	\$0	\$2.23	\$2.79	266	355	52	68	\$513.14	\$491.98
Prof - Other	\$649,947	\$642,923	\$5,756	\$5,382	\$10.71	\$10.36	12,076	11,959	2,367	2,293	\$54.30	\$54.21
Prof - Psych	\$158,225	\$156,845	\$31,057	\$29,742	\$3.09	\$2.98	3,536	3,064	693	588	\$53.53	\$60.89
Prof - Specialist	\$217,633	\$219,989	\$0	\$0	\$3.56	\$3.52	2,448	2,310	480	443	\$88.89	\$95.23
Prof - Vision	\$43,289	\$54,982	\$72,881	\$75,750	\$1.90	\$2.09	1,194	1,032	234	198	\$97.31	\$126.71
Radiology	\$176,555	\$165,603	\$605	\$656	\$2.89	\$2.66	4,568	4,208	895	807	\$38.79	\$39.51
Transportation/Ambulance	\$47,549	\$36,471	\$23,272	\$25,383	\$1.16	\$0.99	412	350	81	67	\$171.77	\$176.95
Total	\$8,092,664	\$7,900,034	\$215,591	\$227,783	\$135.73	\$129.88	101,705	94,407				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 15-18 Male												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	60,391	61,353										
Service Type												
DME/Supplies	131,109	133,269.96	\$0	\$0	\$2.17	\$2.17	960	892	191	174	\$136.51	\$149.40
FQHC / RHC	\$21,015	\$16,239	\$0	\$0	\$0.35	\$0.26	469	379	93	74	\$44.81	\$42.87
Home Health	\$1,370	\$2,566	\$0	\$0	\$0.02	\$0.04	10	7	2	1	\$131.56	\$343.45
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$577,422	\$1,068,225	\$0	\$0	\$9.56	\$17.41	68	63	13	12	\$8,530.61	\$16,995.65
IP - Psych	\$54,388	\$115,136	\$25,672	\$20,295	\$1.33	\$2.21	247	285	49	56	\$324.53	\$475.84
Lab	\$63,993	\$70,788	\$37,843	\$38,530	\$1.69	\$1.78	5,945	5,713	1,181	1,117	\$17.13	\$19.14
OP - Emergency Room & Related	\$556,119	\$517,838	\$0	\$0	\$9.21	\$8.44	1,959	2,091	389	409	\$283.95	\$247.61
OP - Other	\$1,045,620	\$1,012,804	\$0	\$0	\$17.31	\$16.51	2,415	2,347	480	459	\$432.95	\$431.54
Pharmacy	\$2,003,622	\$2,157,731	\$0	\$0	\$33.18	\$35.17	18,497	15,723	3,675	3,075	\$108.32	\$137.23
Prof - Anesthesia	\$32,911	\$34,078	\$0	\$0	\$0.54	\$0.56	233	259	46	51	\$141.44	\$131.75
Prof - Child EPSDT	\$28,994	\$24,827	\$0	\$0	\$0.48	\$0.40	1,059	892	210	174	\$27.39	\$27.84
Prof - Evaluation & Management	\$985,186	\$977,501	\$20,989	\$28,517	\$16.66	\$16.40	14,508	14,193	2,883	2,776	\$69.35	\$70.88
Prof - Maternity	\$59	\$0	\$0	\$0	\$0.00	\$0.00	1	0	0	-	\$50.12	-
Prof - Other	\$753,130	\$573,983	\$5,635	\$5,274	\$12.56	\$9.44	10,443	10,480	2,075	2,050	\$72.66	\$55.27
Prof - Psych	\$105,273	\$94,820	\$29,866	\$28,069	\$2.24	\$2.00	2,376	2,156	472	422	\$56.87	\$57.00
Prof - Specialist	\$225,535	\$234,395	\$0	\$0	\$3.73	\$3.82	1,875	1,607	372	314	\$120.31	\$145.84
Prof - Vision	\$40,155	\$41,678	\$71,751	\$74,616	\$1.85	\$1.90	1,048	744	208	146	\$106.77	\$156.27
Radiology	\$91,649	\$87,041	\$703	\$718	\$1.53	\$1.43	3,448	3,315	685	648	\$26.78	\$26.47
Transportation/Ambulance	\$32,155	\$36,339	\$22,597	\$24,188	\$0.91	\$0.99	307	293	61	57	\$178.52	\$206.72
Total	\$6,749,705	\$7,199,258	\$215,056	\$220,208	\$115.33	\$120.93	65,868	61,438				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

All Age Categories												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	721,495	709,094										
Service Type												
DME/Supplies	\$1,110,336	\$1,115,069	\$0	\$0	\$1.54	\$1.57	11,551	10,978	192	186	\$96.12	\$101.57
FQHC / RHC	\$323,801	\$274,103	\$0	\$0	\$0.45	\$0.39	7,838	6,450	130	109	\$41.31	\$42.50
Home Health	\$48,582	\$76,401	\$0	\$0	\$0.07	\$0.11	238	175	4	3	\$204.13	\$436.58
IP - Maternity	\$238,312	\$285,143	\$0	\$0	\$0.33	\$0.40	98	99	2	2	\$2,431.75	\$2,880.23
IP - Newborn	\$5,887,411	\$759,267	\$0	\$0	\$8.16	\$1.07	1,638	261	27	4	\$3,594.27	\$2,909.07
IP - Other	\$6,668,748	\$7,963,743	\$0	\$0	\$9.24	\$11.23	1,067	733	18	12	\$6,250.00	\$10,864.59
IP - Psych	\$560,783	\$744,565	\$304,133	\$254,552	\$1.20	\$1.41	1,500	1,701	25	29	\$576.61	\$587.37
Lab	\$1,055,232	\$1,203,348	\$444,310	\$434,916	\$2.08	\$2.31	100,036	99,050	1,664	1,676	\$14.99	\$16.54
OP - Emergency Room & Related	\$5,616,978	\$5,395,838	\$0	\$0	\$7.79	\$7.61	26,805	31,059	446	526	\$209.55	\$173.73
OP - Other	\$9,925,700	\$9,237,549	\$0	\$0	\$13.76	\$13.03	26,867	28,123	447	476	\$369.44	\$328.47
Pharmacy	\$16,982,824	\$17,775,588	\$0	\$0	\$23.54	\$25.07	230,113	206,497	3,827	3,495	\$73.80	\$86.08
Prof - Anesthesia	\$454,519	\$394,227	\$0	\$0	\$0.63	\$0.56	3,194	3,102	53	52	\$142.30	\$127.09
Prof - Child EPSDT	\$1,693,072	\$1,212,075	\$0	\$0	\$2.35	\$1.71	50,332	34,493	837	584	\$33.64	\$35.14
Prof - Evaluation & Management	\$17,654,280	\$15,798,103	\$270,468	\$343,648	\$24.84	\$22.76	258,359	239,286	4,297	4,049	\$69.38	\$67.46
Prof - Maternity	\$140,706	\$195,592	\$0	\$0	\$0.20	\$0.28	272	390	5	7	\$517.30	\$501.52
Prof - Other	\$8,453,515	\$7,800,818	\$65,615	\$59,510	\$11.81	\$11.09	182,606	170,098	3,037	2,879	\$46.65	\$46.21
Prof - Psych	\$779,038	\$839,125	\$335,549	\$303,033	\$1.54	\$1.61	17,825	17,462	296	296	\$62.53	\$65.41
Prof - Specialist	\$2,061,606	\$1,957,725	\$0	\$0	\$2.86	\$2.76	20,378	17,955	339	304	\$101.17	\$109.04
Prof - Vision	\$507,766	\$573,968	\$849,221	\$852,785	\$1.88	\$2.01	11,445	9,799	190	166	\$118.57	\$145.60
Radiology	\$704,229	\$675,403	\$9,992	\$9,877	\$0.99	\$0.97	29,819	27,689	496	469	\$23.95	\$24.75
Transportation/Ambulance	\$272,015	\$260,674	\$254,155	\$265,907	\$0.73	\$0.74	2,442	2,312	41	39	\$215.47	\$227.76
Total	\$81,139,451	\$74,538,326	\$2,533,444	\$2,524,227	\$115.97	\$108.68	984,423	907,712				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 1-5												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	47,651	28,564										
Service Type												
DME/Supplies	\$107,888	\$33,609	\$0	\$0	\$2.26	\$1.18	967	572	244	240	\$111.57	\$58.76
FQHC / RHC	\$47,420	\$28,979	\$0	\$0	\$1.00	\$1.01	878	496	221	208	\$54.01	\$58.43
Home Health	\$917	\$579	\$0	\$0	\$0.02	\$0.02	7	3	2	1	\$130.93	\$193.12
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$630,022	\$170,782	\$0	\$0	\$13.22	\$5.98	62	38	16	16	\$10,161.65	\$4,494.25
IP - Psych	\$0	\$0	\$20,707	\$11,056	\$0.43	\$0.39	4	0	1	-	\$5,176.65	-
Lab	\$79,905	\$55,827	\$28,644	\$17,227	\$2.28	\$2.56	7,345	4,534	1,850	1,905	\$14.78	\$16.11
OP - Emergency Room & Related	\$389,410	\$249,217	\$0	\$0	\$8.17	\$8.72	2,294	1,724	578	724	\$169.75	\$144.56
OP - Other	\$769,166	\$416,763	\$0	\$0	\$16.14	\$14.59	2,002	1,312	504	551	\$384.20	\$317.65
Pharmacy	\$625,938	\$411,812	\$0	\$0	\$13.14	\$14.42	14,973	8,901	3,771	3,739	\$41.80	\$46.27
Prof - Anesthesia	\$38,529	\$17,535	\$0	\$0	\$0.81	\$0.61	288	161	73	68	\$133.78	\$108.92
Prof - Child EPSDT	\$159,665	\$79,899	\$0	\$0	\$3.35	\$2.80	5,094	2,395	1,283	1,006	\$31.34	\$33.36
Prof - Evaluation & Management	\$1,306,581	\$768,440	\$19,460	\$15,027	\$27.83	\$27.43	19,535	11,664	4,920	4,900	\$67.88	\$67.17
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$444,601	\$259,642	\$4,394	\$2,432	\$9.42	\$9.17	12,779	7,801	3,218	3,277	\$35.14	\$33.59
Prof - Psych	\$7,719	\$6,354	\$21,287	\$11,366	\$0.61	\$0.62	139	123	35	52	\$208.67	\$144.07
Prof - Specialist	\$124,823	\$65,691	\$0	\$0	\$2.62	\$2.30	1,431	783	360	329	\$87.23	\$83.90
Prof - Vision	\$28,882	\$18,052	\$56,394	\$34,680	\$1.79	\$1.85	503	284	127	119	\$169.54	\$185.68
Radiology	\$25,714	\$12,983	\$744	\$453	\$0.56	\$0.47	1,411	855	355	359	\$18.75	\$15.71
Transportation/Ambulance	\$11,898	\$8,880	\$18,363	\$11,184	\$0.64	\$0.70	109	87	27	37	\$277.63	\$230.62
Total	\$4,799,080	\$2,605,045	\$169,994	\$103,425	\$104.28	\$94.82	69,821	41,733				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

Section I

FY 2017 Capitation Rate Development for the FAMIS Program

Exhibit 1

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Age 6-14												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	78,419	50,685										
Service Type												
DME/Supplies	\$88,049	\$47,611	\$0	\$0	\$1.12	\$0.94	1,050	548	161	130	\$83.86	\$86.88
FQHC / RHC	\$27,925	\$14,055	\$0	\$0	\$0.36	\$0.28	644	325	99	77	\$43.36	\$43.24
Home Health	\$9,481	\$1,010	\$0	\$0	\$0.12	\$0.02	55	11	8	3	\$172.38	\$91.78
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$451,368	\$231,384	\$0	\$0	\$5.76	\$4.57	48	41	7	10	\$9,403.50	\$5,643.51
IP - Psych	\$60,461	\$54,594	\$34,503	\$19,994	\$1.21	\$1.47	180	84	28	20	\$527.58	\$887.95
Lab	\$94,525	\$66,783	\$49,062	\$31,584	\$1.83	\$1.94	9,115	6,205	1,395	1,469	\$15.75	\$15.85
OP - Emergency Room & Related	\$493,565	\$304,643	\$0	\$0	\$6.29	\$6.01	2,144	1,657	328	392	\$230.21	\$183.85
OP - Other	\$775,287	\$633,937	\$0	\$0	\$9.89	\$12.51	2,282	1,752	349	415	\$339.74	\$361.84
Pharmacy	\$2,155,190	\$1,652,801	\$0	\$0	\$27.48	\$32.61	27,747	17,513	4,246	4,146	\$77.67	\$94.38
Prof - Anesthesia	\$33,635	\$19,535	\$0	\$0	\$0.43	\$0.39	252	170	39	40	\$133.47	\$114.91
Prof - Child EPSDT	\$34,934	\$18,419	\$0	\$0	\$0.45	\$0.36	1,452	706	222	167	\$24.06	\$26.09
Prof - Evaluation & Management	\$1,426,488	\$976,048	\$28,394	\$24,713	\$18.55	\$19.74	21,231	14,539	3,249	3,442	\$68.53	\$68.83
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$677,299	\$465,724	\$7,436	\$4,431	\$8.73	\$9.28	15,085	10,653	2,308	2,522	\$45.39	\$44.13
Prof - Psych	\$114,978	\$75,954	\$35,470	\$20,554	\$1.92	\$1.90	2,368	1,516	362	359	\$63.53	\$63.66
Prof - Specialist	\$195,046	\$104,506	\$0	\$0	\$2.49	\$2.06	1,858	1,163	284	275	\$104.98	\$89.86
Prof - Vision	\$61,298	\$48,037	\$93,781	\$61,946	\$1.98	\$2.17	1,416	852	217	202	\$109.52	\$129.09
Radiology	\$63,575	\$41,872	\$976	\$671	\$0.82	\$0.84	2,849	1,820	436	431	\$22.66	\$23.38
Transportation/Ambulance	\$25,122	\$9,979	\$29,791	\$19,421	\$0.70	\$0.58	223	133	34	31	\$246.24	\$221.05
Total	\$6,788,228	\$4,766,890	\$279,413	\$183,313	\$90.13	\$97.67	89,999	59,688				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 15-18 Female												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	13,240	8,575										
Service Type												
DME/Supplies	\$30,428	\$13,418	\$0	\$0	\$2.30	\$1.56	209	86	189	120	\$145.59	\$156.02
FQHC / RHC	\$8,389	\$11,610	\$0	\$0	\$0.63	\$1.35	212	232	192	325	\$39.57	\$50.04
Home Health	\$411	\$214	\$0	\$0	\$0.03	\$0.02	3	2	3	3	\$137.05	\$106.89
IP - Maternity	\$56,606	\$30,085	\$0	\$0	\$4.28	\$3.51	18	11	16	15	\$3,144.75	\$2,735.01
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$176,751	\$78,754	\$0	\$0	\$13.35	\$9.18	20	14	18	20	\$8,837.54	\$5,625.26
IP - Psych	\$90,222	\$35,382	\$6,420	\$3,504	\$7.30	\$4.53	162	65	147	91	\$596.56	\$598.25
Lab	\$36,596	\$21,841	\$8,421	\$5,348	\$3.40	\$3.17	3,311	1,742	3,001	2,438	\$13.60	\$15.61
OP - Emergency Room & Related	\$198,101	\$116,425	\$0	\$0	\$14.96	\$13.58	753	497	682	696	\$263.08	\$234.26
OP - Other	\$187,522	\$137,853	\$0	\$0	\$14.16	\$16.08	765	543	693	760	\$245.13	\$253.87
Pharmacy	\$376,469	\$251,364	\$0	\$0	\$28.43	\$29.31	7,540	4,514	6,834	6,317	\$49.93	\$55.69
Prof - Anesthesia	\$7,458	\$4,916	\$0	\$0	\$0.56	\$0.57	52	37	47	52	\$143.42	\$132.87
Prof - Child EPSDT	\$8,959	\$4,369	\$0	\$0	\$0.68	\$0.51	350	153	317	214	\$25.60	\$28.55
Prof - Evaluation & Management	\$318,169	\$184,577	\$4,243	\$4,023	\$24.35	\$21.99	4,557	2,698	4,130	3,776	\$70.75	\$69.90
Prof - Maternity	\$29,217	\$18,322	\$0	\$0	\$2.21	\$2.14	56	53	51	74	\$521.74	\$345.70
Prof - Other	\$125,260	\$69,919	\$1,286	\$751	\$9.56	\$8.24	2,400	1,544	2,175	2,161	\$52.73	\$45.77
Prof - Psych	\$40,836	\$24,814	\$6,600	\$3,603	\$3.58	\$3.31	777	416	704	582	\$61.05	\$68.31
Prof - Specialist	\$33,322	\$21,825	\$0	\$0	\$2.52	\$2.55	471	298	427	417	\$70.75	\$73.24
Prof - Vision	\$7,863	\$7,195	\$15,938	\$10,453	\$1.80	\$2.06	222	151	201	211	\$107.21	\$116.87
Radiology	\$33,785	\$19,413	\$124	\$102	\$2.56	\$2.28	864	534	783	747	\$39.25	\$36.55
Transportation/Ambulance	\$12,908	\$7,266	\$5,357	\$3,366	\$1.38	\$1.24	128	67	116	94	\$142.70	\$158.69
Total	\$1,779,270	\$1,059,561	\$48,389	\$31,149	\$138.04	\$127.20	22,870	13,657				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

Section I

FY 2017 Capitation Rate Development for the FAMIS Program

Exhibit 1

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Age 15-18 Male												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	12,768	8,590										
Service Type												
DME/Supplies	\$20,754	\$16,768	\$0	\$0	\$1.63	\$1.95	186	139	175	194	\$111.58	\$120.64
FQHC / RHC	\$5,375	\$2,459	\$0	\$0	\$0.42	\$0.29	117	56	110	78	\$45.94	\$43.91
Home Health	\$317	\$0	\$0	\$0	\$0.02	\$0.00	3	0	3	-	\$105.58	-
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$83,258	\$803,104	\$0	\$0	\$6.52	\$93.49	12	11	11	15	\$6,938.14	\$73,009.42
IP - Psych	\$22,479	\$16,251	\$6,682	\$4,239	\$2.28	\$2.39	69	51	65	71	\$422.63	\$401.76
Lab	\$13,512	\$10,140	\$7,881	\$5,333	\$1.68	\$1.80	1,355	824	1,273	1,151	\$15.79	\$18.78
OP - Emergency Room & Related	\$127,618	\$79,032	\$0	\$0	\$10.00	\$9.20	490	361	461	504	\$260.44	\$218.93
OP - Other	\$202,871	\$123,509	\$0	\$0	\$15.89	\$14.38	479	335	450	468	\$423.53	\$368.68
Pharmacy	\$463,686	\$255,351	\$0	\$0	\$36.32	\$29.73	4,989	2,893	4,689	4,041	\$92.94	\$88.26
Prof - Anesthesia	\$7,322	\$5,636	\$0	\$0	\$0.57	\$0.66	51	39	48	54	\$143.56	\$144.50
Prof - Child EPSDT	\$5,352	\$3,354	\$0	\$0	\$0.42	\$0.39	201	116	189	162	\$26.63	\$28.92
Prof - Evaluation & Management	\$211,980	\$177,319	\$4,567	\$4,046	\$16.96	\$21.11	3,112	2,334	2,925	3,261	\$69.58	\$77.71
Prof - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
Prof - Other	\$98,782	\$82,314	\$1,177	\$716	\$7.83	\$9.67	2,123	1,549	1,995	2,164	\$47.08	\$53.60
Prof - Psych	\$31,990	\$13,546	\$6,870	\$4,358	\$3.04	\$2.08	624	317	586	443	\$62.28	\$56.48
Prof - Specialist	\$47,031	\$35,788	\$0	\$0	\$3.68	\$4.17	412	256	387	358	\$114.15	\$139.80
Prof - Vision	\$7,688	\$6,948	\$15,224	\$10,392	\$1.79	\$2.02	179	113	168	158	\$128.00	\$153.45
Radiology	\$20,254	\$11,814	\$154	\$104	\$1.60	\$1.39	760	554	714	774	\$26.85	\$21.51
Transportation/Ambulance	\$8,222	\$4,513	\$5,222	\$3,355	\$1.05	\$0.92	94	48	88	67	\$143.03	\$163.92
Total	\$1,378,492	\$1,647,844	\$47,778	\$32,544	\$111.71	\$195.62	15,256	9,996				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

All Age Categories												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	152,078	96,414										
Service Type												
DME/Supplies	\$247,119	\$111,407	\$0	\$0	\$1.62	\$1.16	2,412	1,345	190	167	\$102.45	\$82.83
FQHC / RHC	\$89,109	\$57,102	\$0	\$0	\$0.59	\$0.59	1,851	1,109	146	138	\$48.14	\$51.49
Home Health	\$11,125	\$1,803	\$0	\$0	\$0.07	\$0.02	68	16	5	2	\$163.61	\$112.67
IP - Maternity	\$56,606	\$30,085	\$0	\$0	\$0.37	\$0.31	18	11	1	1	\$3,144.75	\$2,735.01
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$1,341,399	\$1,284,023	\$0	\$0	\$8.82	\$13.32	142	104	11	13	\$9,446.47	\$12,346.37
IP - Psych	\$173,162	\$106,227	\$68,312	\$38,793	\$1.59	\$1.50	415	200	33	25	\$581.87	\$725.10
Lab	\$224,538	\$154,591	\$94,008	\$59,492	\$2.09	\$2.22	21,126	13,305	1,667	1,656	\$15.08	\$16.09
OP - Emergency Room & Related	\$1,208,693	\$749,317	\$0	\$0	\$7.95	\$7.77	5,681	4,239	448	528	\$212.76	\$176.77
OP - Other	\$1,934,846	\$1,312,061	\$0	\$0	\$12.72	\$13.61	5,528	3,942	436	491	\$350.01	\$332.84
Pharmacy	\$3,621,283	\$2,571,327	\$0	\$0	\$23.81	\$26.67	55,249	33,821	4,360	4,209	\$65.54	\$76.03
Prof - Anesthesia	\$86,944	\$47,622	\$0	\$0	\$0.57	\$0.49	643	407	51	51	\$135.22	\$117.01
Prof - Child EPSDT	\$208,910	\$106,042	\$0	\$0	\$1.37	\$1.10	7,097	3,370	560	419	\$29.44	\$31.47
Prof - Evaluation & Management	\$3,263,219	\$2,106,384	\$56,664	\$47,808	\$21.83	\$22.34	48,435	31,235	3,822	3,888	\$68.54	\$68.97
Prof - Maternity	\$29,217	\$18,322	\$0	\$0	\$0.19	\$0.19	56	53	4	7	\$521.74	\$345.70
Prof - Other	\$1,345,942	\$877,599	\$14,294	\$8,330	\$8.94	\$9.19	32,387	21,547	2,556	2,682	\$42.00	\$41.12
Prof - Psych	\$195,523	\$120,669	\$70,226	\$39,880	\$1.75	\$1.67	3,908	2,372	308	295	\$68.00	\$67.69
Prof - Specialist	\$400,223	\$227,810	\$0	\$0	\$2.63	\$2.36	4,172	2,500	329	311	\$95.93	\$91.12
Prof - Vision	\$105,732	\$80,231	\$181,338	\$117,471	\$1.89	\$2.05	2,320	1,400	183	174	\$123.74	\$141.22
Radiology	\$143,329	\$86,082	\$1,999	\$1,330	\$0.96	\$0.91	5,884	3,763	464	468	\$24.70	\$23.23
Transportation/Ambulance	\$58,150	\$30,638	\$58,734	\$37,326	\$0.77	\$0.70	554	335	44	42	\$210.98	\$202.88
Total	\$14,745,070	\$10,079,341	\$545,575	\$350,431	\$100.54	\$108.18	197,946	125,074				

Note:

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Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 1-5												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	167,101	174,593										
Service Type												
DME/Supplies	\$228,444	\$249,011	\$0	\$0	\$1.37	\$1.43	3,037	3,308	218	227	\$75.22	\$75.28
FQHC / RHC	\$84,393	\$72,876	\$0	\$0	\$0.51	\$0.42	2,105	1,872	151	129	\$40.09	\$38.93
Home Health	\$20,134	\$7,226	\$0	\$0	\$0.12	\$0.04	90	67	6	5	\$223.71	\$107.86
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$1,343,963	\$3,514,655	\$0	\$0	\$8.04	\$20.13	255	242	18	17	\$5,270.44	\$14,523.37
IP - Psych	\$0	\$9,686	\$71,202	\$68,628	\$0.43	\$0.45	0	12	-	1	-	\$6,526.17
Lab	\$266,726	\$335,881	\$100,066	\$103,954	\$2.20	\$2.52	25,617	28,315	1,840	1,946	\$14.32	\$15.53
OP - Emergency Room & Related	\$1,286,125	\$1,471,804	\$0	\$0	\$7.70	\$8.43	7,809	10,532	561	724	\$164.70	\$139.75
OP - Other	\$2,615,156	\$2,722,532	\$0	\$0	\$15.65	\$15.59	6,175	7,717	443	530	\$423.51	\$352.80
Pharmacy	\$2,518,082	\$2,827,671	\$0	\$0	\$15.07	\$16.20	45,477	44,931	3,266	3,088	\$55.37	\$62.93
Prof - Anesthesia	\$148,190	\$151,124	\$0	\$0	\$0.89	\$0.87	1,083	1,199	78	82	\$136.83	\$126.04
Prof - Child EPSDT	\$577,104	\$580,864	\$0	\$0	\$3.45	\$3.33	18,212	16,971	1,308	1,166	\$31.69	\$34.23
Prof - Evaluation & Management	\$4,454,445	\$4,798,899	\$69,992	\$91,565	\$27.08	\$28.01	68,464	73,734	4,917	5,068	\$66.08	\$66.33
Prof - Maternity	\$864	\$8,975	\$0	\$0	\$0.01	\$0.05	2	14	0	1	\$432.03	\$641.04
Prof - Other	\$1,552,824	\$1,935,893	\$14,914	\$14,391	\$9.38	\$11.17	45,022	48,972	3,233	3,366	\$34.82	\$39.82
Prof - Psych	\$35,544	\$40,344	\$73,197	\$70,551	\$0.65	\$0.64	858	853	62	59	\$126.74	\$130.01
Prof - Specialist	\$403,970	\$545,339	\$0	\$0	\$2.42	\$3.12	4,679	4,806	336	330	\$86.34	\$113.47
Prof - Vision	\$90,333	\$116,119	\$195,317	\$208,463	\$1.71	\$1.86	1,641	1,806	118	124	\$174.07	\$179.72
Radiology	\$80,054	\$87,960	\$2,819	\$2,911	\$0.50	\$0.52	4,744	5,245	341	360	\$17.47	\$17.33
Transportation/Ambulance	\$54,856	\$72,592	\$57,749	\$65,166	\$0.67	\$0.79	439	515	32	35	\$256.50	\$267.49
Total	\$15,761,207	\$19,549,451	\$585,256	\$625,628	\$97.82	\$115.55	235,709	251,111				

Note:

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Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 6-14												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	273,826	311,585										
Service Type												
DME/Supplies	\$378,923	\$455,073	\$0	\$0	\$1.38	\$1.46	3,224	3,839	141	148	\$117.53	\$118.54
FQHC / RHC	\$81,852	\$96,076	\$0	\$0	\$0.30	\$0.31	1,913	2,217	84	85	\$42.79	\$43.34
Home Health	\$10,645	\$48,082	\$0	\$0	\$0.04	\$0.15	31	60	1	2	\$343.38	\$801.36
IP - Maternity	\$3,859	\$8,752	\$0	\$0	\$0.01	\$0.03	1	3	0	0	\$3,859.49	\$2,917.20
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$2,006,070	\$1,992,648	\$0	\$0	\$7.33	\$6.40	426	221	19	9	\$4,709.09	\$9,016.51
IP - Psych	\$305,611	\$398,061	\$125,722	\$130,167	\$1.58	\$1.70	620	825	27	32	\$695.70	\$640.28
Lab	\$317,409	\$427,634	\$170,869	\$193,275	\$1.78	\$1.99	31,638	36,849	1,386	1,419	\$15.43	\$16.85
OP - Emergency Room & Related	\$1,716,420	\$1,874,466	\$0	\$0	\$6.27	\$6.02	7,344	10,317	322	397	\$233.72	\$181.69
OP - Other	\$2,991,775	\$3,113,251	\$0	\$0	\$10.93	\$9.99	8,722	10,228	382	394	\$343.01	\$304.39
Pharmacy	\$7,365,006	\$8,803,005	\$0	\$0	\$26.90	\$28.25	83,116	87,557	3,642	3,372	\$88.61	\$100.54
Prof - Anesthesia	\$118,073	\$104,549	\$0	\$0	\$0.43	\$0.34	846	863	37	33	\$139.57	\$121.15
Prof - Child EPSDT	\$125,406	\$107,001	\$0	\$0	\$0.46	\$0.34	5,144	4,197	225	162	\$24.38	\$25.49
Prof - Evaluation & Management	\$4,998,866	\$5,728,767	\$97,940	\$146,280	\$18.61	\$18.86	75,468	87,364	3,307	3,365	\$67.54	\$67.25
Prof - Maternity	\$922	\$3,355	\$0	\$0	\$0.00	\$0.01	2	12	0	0	\$461.10	\$279.61
Prof - Other	\$2,513,132	\$2,878,856	\$24,961	\$26,178	\$9.27	\$9.32	55,055	62,195	2,413	2,395	\$46.10	\$46.71
Prof - Psych	\$362,764	\$463,803	\$129,245	\$133,815	\$1.80	\$1.92	8,441	9,695	370	373	\$58.29	\$61.64
Prof - Specialist	\$678,043	\$698,234	\$0	\$0	\$2.48	\$2.24	6,238	6,346	273	244	\$108.70	\$110.03
Prof - Vision	\$227,957	\$284,281	\$322,668	\$375,276	\$2.01	\$2.12	5,453	4,891	239	188	\$100.98	\$134.85
Radiology	\$221,284	\$256,154	\$3,503	\$4,144	\$0.82	\$0.84	9,938	11,217	436	432	\$22.62	\$23.21
Transportation/Ambulance	\$73,477	\$81,689	\$94,225	\$113,152	\$0.61	\$0.63	698	814	31	31	\$240.26	\$239.36
Total	\$24,497,493	\$27,823,737	\$969,134	\$1,122,286	\$93.00	\$92.90	304,318	339,710				

Note:

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Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 15-18 Female												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	47,972	54,005										
Service Type												
DME/Supplies	\$68,519	\$87,493	\$0	\$0	\$1.43	\$1.62	565	696	141	155	\$121.27	\$125.71
FQHC / RHC	\$27,953	\$26,772	\$0	\$0	\$0.58	\$0.50	708	548	177	122	\$39.48	\$48.85
Home Health	\$1,326	\$8,161	\$0	\$0	\$0.03	\$0.15	10	12	3	3	\$132.64	\$680.12
IP - Maternity	\$181,557	\$241,370	\$0	\$0	\$3.78	\$4.47	79	85	20	19	\$2,298.18	\$2,839.65
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$534,491	\$454,357	\$0	\$0	\$11.14	\$8.41	71	68	18	15	\$7,528.04	\$6,681.73
IP - Psych	\$138,678	\$263,682	\$23,706	\$25,176	\$3.38	\$5.35	275	420	69	93	\$590.49	\$687.76
Lab	\$148,166	\$173,443	\$30,388	\$33,861	\$3.72	\$3.84	12,141	11,965	3,037	2,659	\$14.71	\$17.33
OP - Emergency Room & Related	\$675,654	\$639,961	\$0	\$0	\$14.08	\$11.85	2,291	2,566	573	570	\$294.92	\$249.40
OP - Other	\$966,581	\$919,615	\$0	\$0	\$20.15	\$17.03	2,467	2,887	617	641	\$391.80	\$318.54
Pharmacy	\$1,291,969	\$1,504,094	\$0	\$0	\$26.93	\$27.85	23,311	22,154	5,831	4,923	\$55.42	\$67.89
Prof - Anesthesia	\$35,491	\$43,475	\$0	\$0	\$0.74	\$0.81	248	316	62	70	\$143.11	\$137.58
Prof - Child EPSDT	\$30,879	\$36,008	\$0	\$0	\$0.64	\$0.67	1,209	1,181	302	262	\$25.54	\$30.49
Prof - Evaluation & Management	\$1,141,689	\$1,216,241	\$15,398	\$24,243	\$24.12	\$22.97	16,804	18,101	4,203	4,022	\$68.86	\$68.53
Prof - Maternity	\$107,120	\$153,080	\$0	\$0	\$2.23	\$2.83	209	304	52	68	\$512.54	\$503.55
Prof - Other	\$513,363	\$563,071	\$4,501	\$4,638	\$10.80	\$10.51	9,519	10,363	2,381	2,303	\$54.40	\$54.78
Prof - Psych	\$122,276	\$133,846	\$24,370	\$25,881	\$3.06	\$2.96	2,768	2,646	692	588	\$52.98	\$60.37
Prof - Specialist	\$174,148	\$193,618	\$0	\$0	\$3.63	\$3.59	1,934	2,002	484	445	\$90.05	\$96.71
Prof - Vision	\$34,317	\$47,602	\$57,072	\$65,337	\$1.91	\$2.09	945	886	236	197	\$96.71	\$127.47
Radiology	\$139,516	\$144,398	\$476	\$561	\$2.92	\$2.68	3,612	3,651	904	811	\$38.76	\$39.70
Transportation/Ambulance	\$36,580	\$30,444	\$18,154	\$21,955	\$1.14	\$0.97	313	293	78	65	\$174.87	\$178.84
Total	\$6,370,273	\$6,880,733	\$174,064	\$201,651	\$136.42	\$131.14	79,479	81,144				

Note:

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Virginia Medicaid

FY 2017 Capitation Rate Development for the FAMIS Program

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Historical Eligibility, Claims, and Utilization Data

Section I

Exhibit 1

Age 15-18 Male												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	47,623	52,763										
Service Type												
DME/Supplies	\$105,266	\$115,450	\$0	\$0	\$2.21	\$2.19	762	774	192	176	\$138.14	\$149.16
FQHC / RHC	\$16,321	\$13,883	\$0	\$0	\$0.34	\$0.26	365	330	92	75	\$44.72	\$42.07
Home Health	\$1,073	\$2,366	\$0	\$0	\$0.02	\$0.04	8	7	2	2	\$134.18	\$338.06
IP - Maternity	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$465,801	\$628,701	\$0	\$0	\$9.78	\$11.92	54	54	14	12	\$8,625.95	\$11,642.62
IP - Psych	\$45,985	\$135,621	\$22,764	\$23,296	\$1.44	\$3.01	190	244	48	55	\$361.84	\$651.30
Lab	\$50,468	\$60,776	\$29,875	\$33,163	\$1.69	\$1.78	4,662	4,986	1,175	1,134	\$17.23	\$18.84
OP - Emergency Room & Related	\$435,837	\$442,438	\$0	\$0	\$9.15	\$8.39	1,524	1,799	384	409	\$285.98	\$245.94
OP - Other	\$829,455	\$879,118	\$0	\$0	\$17.42	\$16.66	1,913	2,050	482	466	\$433.59	\$428.84
Pharmacy	\$1,569,215	\$1,876,371	\$0	\$0	\$32.95	\$35.56	14,296	13,446	3,602	3,058	\$109.77	\$139.55
Prof - Anesthesia	\$25,855	\$28,923	\$0	\$0	\$0.54	\$0.55	183	225	46	51	\$141.28	\$128.55
Prof - Child EPSDT	\$23,073	\$21,404	\$0	\$0	\$0.48	\$0.41	841	784	212	178	\$27.44	\$27.30
Prof - Evaluation & Management	\$775,901	\$822,691	\$16,517	\$24,501	\$16.64	\$16.06	11,429	12,260	2,880	2,788	\$69.33	\$69.10
Prof - Maternity	\$50	\$0	\$0	\$0	\$0.00	\$0.00	1	0	0	-	\$50.12	-
Prof - Other	\$610,187	\$492,754	\$4,447	\$4,546	\$12.91	\$9.43	8,258	9,130	2,081	2,076	\$74.43	\$54.47
Prof - Psych	\$80,393	\$81,425	\$23,402	\$23,949	\$2.18	\$2.00	1,841	1,879	464	427	\$56.38	\$56.08
Prof - Specialist	\$178,027	\$200,259	\$0	\$0	\$3.74	\$3.80	1,474	1,392	371	317	\$120.78	\$143.86
Prof - Vision	\$31,882	\$35,349	\$56,567	\$64,194	\$1.86	\$1.89	838	647	211	147	\$105.55	\$153.85
Radiology	\$72,036	\$75,019	\$553	\$616	\$1.52	\$1.43	2,711	2,860	683	650	\$26.78	\$26.45
Transportation/Ambulance	\$24,973	\$31,506	\$17,699	\$20,815	\$0.90	\$0.99	234	253	59	58	\$182.36	\$206.80
Total	\$5,341,800	\$5,944,057	\$171,824	\$195,080	\$115.78	\$116.35	51,584	53,120				

Note:

*Plans may not provide complete unit counts for subcapitated encounters, thus Cost/Unit may not be accurate.

Virginia Medicaid
FY 2017 Capitation Rate Development for the FAMIS Program
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Historical Eligibility, Claims, and Utilization Data

Section I
Exhibit 1

All Age Categories												
MCO Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	536,522	592,946										
Service Type												
DME/Supplies	\$781,152	\$907,027	\$0	\$0	\$1.46	\$1.53	7,588	8,617	170	174	\$102.95	\$105.26
FQHC / RHC	\$210,519	\$209,608	\$0	\$0	\$0.39	\$0.35	5,091	4,967	114	101	\$41.35	\$42.20
Home Health	\$33,179	\$65,836	\$0	\$0	\$0.06	\$0.11	139	146	3	3	\$238.70	\$450.93
IP - Maternity	\$185,416	\$250,122	\$0	\$0	\$0.35	\$0.42	80	88	2	2	\$2,317.70	\$2,842.29
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	-	-	-	-
IP - Other	\$4,350,325	\$6,590,362	\$0	\$0	\$8.11	\$11.11	806	585	18	12	\$5,397.43	\$11,265.58
IP - Psych	\$490,274	\$807,051	\$243,394	\$247,267	\$1.37	\$1.78	1,085	1,501	24	30	\$676.19	\$702.41
Lab	\$782,769	\$997,735	\$331,198	\$364,252	\$2.08	\$2.30	74,058	82,115	1,656	1,662	\$15.04	\$16.59
OP - Emergency Room & Related	\$4,114,037	\$4,428,669	\$0	\$0	\$7.67	\$7.47	18,968	25,214	424	510	\$216.89	\$175.64
OP - Other	\$7,402,966	\$7,634,517	\$0	\$0	\$13.80	\$12.88	19,277	22,882	431	463	\$384.03	\$333.65
Pharmacy	\$12,744,272	\$15,011,142	\$0	\$0	\$23.75	\$25.32	166,200	168,088	3,717	3,402	\$76.68	\$89.31
Prof - Anesthesia	\$327,608	\$328,072	\$0	\$0	\$0.61	\$0.55	2,360	2,603	53	53	\$138.82	\$126.04
Prof - Child EPSDT	\$756,462	\$745,278	\$0	\$0	\$1.41	\$1.26	25,406	23,133	568	468	\$29.77	\$32.22
Prof - Evaluation & Management	\$11,370,901	\$12,566,597	\$199,847	\$286,589	\$21.57	\$21.68	172,165	191,459	3,851	3,875	\$67.21	\$67.13
Prof - Maternity	\$108,956	\$165,409	\$0	\$0	\$0.20	\$0.28	214	330	5	7	\$509.14	\$501.24
Prof - Other	\$5,189,506	\$5,870,575	\$48,823	\$49,752	\$9.76	\$9.98	117,854	130,660	2,636	2,644	\$44.45	\$45.31
Prof - Psych	\$600,978	\$719,417	\$250,214	\$254,196	\$1.59	\$1.64	13,908	15,073	311	305	\$61.20	\$64.59
Prof - Specialist	\$1,434,188	\$1,637,451	\$0	\$0	\$2.67	\$2.76	14,325	14,546	320	294	\$100.12	\$112.57
Prof - Vision	\$384,489	\$483,351	\$631,624	\$713,269	\$1.89	\$2.02	8,877	8,230	199	167	\$114.47	\$145.40
Radiology	\$512,889	\$563,531	\$7,351	\$8,231	\$0.97	\$0.96	21,005	22,973	470	465	\$24.77	\$24.89
Transportation/Ambulance	\$189,886	\$216,231	\$187,827	\$221,089	\$0.70	\$0.74	1,684	1,875	38	38	\$224.30	\$233.24
Total	\$51,970,773	\$60,197,978	\$1,900,278	\$2,144,645	\$100.41	\$105.14	671,090	725,085				

Note:
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Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Pharmacy Adjustment

Section I
Exhibit 2a

	FAMIS	Source
1. Health Plan Total Drug Cost PMPM	\$24.30	FY14-15 Health Plan Encounter Data
2. Health Plan Drug Ingredient Cost PMPM	\$23.96	Health Plan Encounter Analysis
3. Change in Average Managed Care Discount	0.3%	From Plan Data
4. Current Average Managed Care Rebate	1.9%	From Plan Data
5. FY17 Managed Care Dispensing Fee PMPM	\$0.40	From Plan Data
6. Average PBM Admin Cost PMPM	\$0.17	From Plan Data
7. Adjusted PMPM with FY17 Pharmacy Pricing Arrangemen	\$24.01	= (2.) * (1 - (3.)) * (1 - (4.)) + (5.) + (6.)
8. Pharmacy Adjustment	-1.2%	= (7.) / (1.) - 1

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Exempt Infant Formula Carveout Adjustment

Section I
Exhibit 2b

	FAMIS Age 0-5	FAMIS Age 6-18	Source
1. Claims Associated with Exempt Infant Formula	\$18,423	\$10,473	FY14-15 Health Plan Encounter Data
2. Total Claims in DME/Supplies Service Category	\$771,317	\$1,454,087	FY14-15 Health Plan Encounter Data
3. Exempt Infant Formula Carveout Adjustment	-2.4%	-0.7%	= - (1.) / (2.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Inpatient Adjustments

Section I
Exhibit 2c.1

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1a. FY14 Total Claims in IP Service Categories	\$12,794,471	\$560,783	FY14 Health Plan Encounter Data
1b. FY15 Total Claims in IP Service Categories	\$9,008,152	\$744,565	FY15 Health Plan Encounter Data
1c. FY14 Children's Hospital of The King's Daughters IP Claims	\$541,475	\$0	FY14 Health Plan Encounter Data
1d. FY15 Children's Hospital of The King's Daughters IP Claims	\$1,091,062	\$0	FY15 Health Plan Encounter Data
2. FY14-15 Hospital Capital Percentage Adjusted	8.9%	8.9%	Provided by DMAS
3a. FY16 Capital Reimbursement Increase	-4.5%	-4.5%	$= ((4a.)-(2.))/(2.)$
3b. FY17 Capital Reimbursement Increase	0.00%	0.00%	$= ((4b.)-(4a.))/(4a.)$
4a. FY16 Hospital Capital Percentage	8.5%	8.5%	Provided by DMAS
4b. FY17 Hospital Capital Percentage	8.5%	8.5%	Provided by DMAS
5a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
5b. Dollar Change	\$193,784	\$12,541	$= [((1a.)+(1b.))-((1c.)+(1d.))] * (1 - (4b.)) * (5a.)$
6a. FY17 Hospital Rate Change - Rebasing	-2.65%	27.00%	Provided by DMAS
6b. Dollar Change	(\$489,074)	\$322,486	$= [((1a.)+(1b.))-((1c.)+(1d.))] * (1 - (4b.)) * (6a.)$
7. Hospital Inpatient Adjustment	-1.35%	25.67%	$= ((5b.)+(6b.)) / ((1a.) + (1b.))$

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Inpatient Adjustments For Children Hospital of The King's Daughter

Section I
Exhibit 2c.2

	IP - Med/Surg	Source
1a. FY14-15 Total Claims in IP Service Categories (for age 0-20) Statewide	\$21,802,623	FY14-15 Health Plan Encounter Data
2. FY14-15 Children Hospital King's Daughter IP Claims Statewide	\$1,632,537	FY14-15 Health Plan Encounter Data
3. FY14-15 Hospital Capital Percentage	10.3%	Provided by DMAS
4a. FY16 Capital Reimbursement Increase	1.9%	= ((5a.)-(3.))/(3.)
4b. FY17 Capital Reimbursement Increase	0.0%	= ((5b.)-(5a.))/(5a.)
5a. FY16 Hospital Capital Percentage	10.5%	Provided by DMAS
5b. FY17 Hospital Capital Percentage	10.5%	Provided by DMAS
6. % Excluded Claims from Freestanding Psych Hospitals	0.00%	FY14-15 Health Plan Encounter Data
7a. FY17 Hospital Rate Change - Unit Cost	2.10%	Provided by DMAS
7b. Dollar Change Statewide	\$30,684	= ((2.) * (1 - (5b.)) * (1 - (6.)) * (7a.))
8a. FY17 Hospital Rate Change - Rebasing	-2.65%	Provided by DMAS
8b. Dollar Change Statewide	(\$38,720)	= ((2.) * (1 - (5b.)) * (1 - (6.)) * (8a.))
9. Hospital Inpatient Adjustment Statewide	-0.037%	= ((7b.) + (8b.)) / (1a.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Outpatient Adjustments

Section I
Exhibit 2d.1

	OP - Emergency Room & Related	OP - Other	Source
1a. FY14 Total Claims in OP Service Categories	\$5,616,978	\$9,925,700	FY14 Health Plan Encounter Data
1b. FY15 Total Claims in OP Service Categories	\$5,395,838	\$9,237,549	FY15 Health Plan Encounter Data
1c. FY14 Children's Hospital of The King's Daughters OP Claims	\$191,760	\$1,219,271	FY14 Health Plan Encounter Data
1d. FY15 Children's Hospital of The King's Daughters OP Claims	\$149,476	\$984,120	FY15 Health Plan Encounter Data
3a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
3b. Dollar Change	\$112,052	\$178,079	= [((1a.)+(1b.))-((1c.)+(1d.))] * (2a.)
4a. FY17 Hospital Rate Change - Rebasing	0.1%	0.1%	Provided by DMAS
4b. Dollar Change	\$10,672	\$16,960	= [((1a.)+(1b.))-((1c.)+(1d.))] * (3a.)
4. Hospital Outpatient Adjustment	1.11%	1.02%	= ((2b.)+(3b.) / ((1a.) + (1b.))

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Hospital Outpatient Adjustments for Children's Hospital of The King's Daughters

Section I
Exhibit 2d.2

	OP - Emergency Room & Related	OP - Other	Source
1. FY14 Total Claims in OP Service Categories (For Age 0-20)			
Statewide	\$11,012,816	\$19,163,249	FY14-15 Health Plan Encounter Data
2. FY14-15 Children Hospital King's Daughter OP Claims			
Statewide	\$341,235	\$2,203,391	FY14-15 Health Plan Encounter Data
3a. FY17 Hospital Rate Change - Unit Cost	2.10%	2.10%	Provided by DMAS
3b. Dollar Change			
Statewide	\$7,166	\$46,271	= ((2.) * (3a.))
4a. FY17 Hospital Rate Change - Rebasing	0.1%	0.1%	Provided by DMAS
4b. Dollar Change			
Statewide	\$341	\$2,203	= ((2.) * (4a.))
5. Hospital Outpatient Adjustment			
Statewide	0.07%	0.25%	= ((3b.)+(4b.)) / (1.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
DME Fee Adjustment

Section I
Exhibit 2e

	FAMIS	Source
1. Claims Associated with DME/Supplies Service Category	\$2,225,405	FY14-15 Health Plan Encounter Data
2. FY14 Claims subject to DME Fee Adjustment	\$51,163	Provided by DMAS
3a. FY15 DME Fee Change	-29.3%	Provided by DMAS
3b. Dollar Change	(\$14,992)	= (2.) * (3a.)
4. DME Fee Adjustment	-0.7%	= (3b.) / (1.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Provider Incentive Payment Adjustment

Section I
Exhibit 2f

	Adjustment Value	Source
Provider Incentive Payment Adjustment	1.1%	From Plan Data

**Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data
Hepatitis C Treatment Adjustment**

**Section I
Exhibit 2g**

	FAMIS	Source
1. Total Claims in Pharmacy Service Categories	\$34,758,412	FY14-15 Health Plan Encounter Data
2. Unique Individuals in Base Period	124,809	FY14-15 Health Plan Encounter Data
3a. Proportion of Population Being Tested for Hepatitis C	0.3%	FY14-15 Health Plan Encounter Data
3b. Number of Individuals Being Tested	410	FY14-15 Health Plan Encounter Data
3c. Projected Testing Change in FY17	15%	Estimate
3d. Additional Number of People Being Tested	62	= (3b.) * (3c.)
3e. Average Cost Per Test Per Person	\$23.17	FY14-15 Health Plan Encounter Data
4a. Proportion of Population Diagnosed With Hepatitis C	0.03%	FY14-15 Health Plan Encounter Data
4b. Number of Individuals Diagnosed With Hepatitis C	34	FY14-15 Health Plan Encounter Data
4c. Projected Increase in People Diagnosed With Hepatitis C	5%	Estimate
4d. Projected Number of People With Hepatitis C	36	= (4b.) * (1 + (4c.))
5a. Proportion of People With Hepatitis C With Drug Therapy	0.0%	FY14-15 Health Plan Encounter Data
5b. Number of Individuals With Hepatitis C With Drug Therapy in Base Period	0	FY14-15 Health Plan Encounter Data
5c. Expected Percentage Increase of Hepatitis C Receiving Drug Therapy - Current Protocols	0%	Estimate
5d. Expected Percentage Increase of Hepatitis C Receiving Drug Therapy - New Protocols	100%	Estimate
5e. Projected Number of Additional People Going Through Drug Therapy	0	= (4d.) * (5a.) * (1 + (5c.)) * (1 + (5d.))- (5b.)
5f. Average Cost of Current Drug Therapy	\$76,477	FY14-15 Health Plan Encounter Data
5g. Average Cost of New Drug Therapy	\$90,000	Estimate
6. Additional Cost of Hepatitis C Treatment	\$1,425	= ((3d.) * (3e.)) + ((5g.) - (5f.)) * (5b.) + (5e.) * (5g.)
7. Hepatitis C Treatment Adjustment	0.0%	= (6.) / (1.)

Note: Based on analysis of FY14 - FY15 base data experience

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Emergency Room Triage Adjustment

Section I
Exhibit 2h

	FAMIS	Source
1. Total Claims in Prof - Evaluation & Management	\$33,452,383	FY14-15 Health Plan Encounter Data
2. FY14-15 Number of Claims in ER Triage Level 3	7,224	FY14-15 Health Plan Encounter Data
3. ER Cost No Triage Level 3	\$43.65	FY14-15 Health Plan Encounter Data
4. ER Triage Cost	\$22.06	Provided by DMAS
5. FY16 ER Triage Financial Impact (2 year)	\$155,968	= (2.) * ((3.) - (4.))
6. FY16 ER Triage Adjustment	0.5%	= (5.) / (1.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Resource Based Relative Value Scale Adjustment

Section I
Exhibit 2i

FAMIS

1. Professional Fee Adjustment - Effective FY16	-0.14%	Provided by DMAS
2. Proportion of claims subject to fee adjustment	96%	FY14-15 Health Plan Encounter Data
3. Final Professional Fee Adjustment	-0.13%	= (1.) * (2.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Administrative Cost Adjustment

Section I
Exhibit 2j

	FAMIS	Source
1. Claims Adjustment Expense PMPM	\$3.37	Expense from CY2015 BOI Reports; CY2015 Member months from capitation payment files
2. General Admin Expense PMPM	\$5.88	Expense from CY2015 BOI Reports; CY2015 Member months from capitation payment files
3. Claims Adjustment Expense Increase %	0.7%	BLS CPI-U
4. General Admin Expense Increase %	2.2%	Weighted average of BLS Compensation Trend and CPI
5a. Administrative PMPM*	\$9.48	= (1.) * (1+ (3.)) ^ (18 months/12) + (2.) * (1+ (4.)) ^ (18 months/12)
5b. Administrative PMPM Weighted by Claims	\$12.15	Reallocation of administrative costs weighted by claims
6. Adjusted and Trended Base PMPM	\$127.06	Weighted average of medical component of FY2017 FAMIS Base Rates
7. Administrative allowance as % of Base Capitation Rate	8.6%	= (5b.) / (((5b.) + (6.)) / (1 - (8.)))
8. Contribution to Reserves as % of Base Capitation Rate	1.5%	Provided by DMAS
9. Administrative Factor as % of Base Capitation Rate	10.1%	= (7.) + (8.)

*Note:

Administrative increases are applied from midpoint of CY2015 to the midpoint of the contract period (18 months) using compound interest calculations

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Incurred But Not Reported (IBNR), Policy/Program, and Trend Adjustments

Section I
Exhibit 3
DRAFT

Category of Service	FAMIS							
	Completion and Policy/Program Adjustments			Data Period Trend			Contract Period Cost and Utilization Trend	Total Trend Factor
	IBNR	Policy/Program ¹	Total Base Data Adjustments	Cost Trend	Utilization Trend	Cost and Utilization Trend		
Inpatient Medical/Surgical	1.4%	-1.4%	0.0%	0.6%	3.5%	4.2%	6.3%	1.1418
Inpatient Psychiatric	0.3%	25.7%	26.0%	-5.0%	41.2%	34.1%	9.9%	1.5451
Outpatient Hospital	1.3%	1.2%	2.6%	-17.6%	21.9%	0.4%	0.0%	1.0044
Practitioner	0.6%	0.1%	0.7%	3.0%	-1.9%	1.1%	0.0%	1.0109
Prescription Drug	0.0%	-1.2%	-1.2%	18.1%	-9.7%	6.7%	5.7%	1.1582
Other	0.9%	-0.6%	0.4%	-6.8%	16.2%	8.3%	1.7%	1.1110
Weighted Average²	0.7%	0.1%	0.8%	1.4%	3.2%	3.4%	2.3%	1.0707
Months of Trend Applied				12	12	12	18	

¹ The Policy and Program Adjustments are summarized in this table as weighted averages and are applied at the rate cell level in Exhibit 4.

² Weighted averages for Completion and Program Adjustments are calculated using a distribution by Service Type, before Trend and Adjustments (Total Claims FY14-15), whereas weighted averages for Trends are calculated using a distribution by Service Type, before Trend (Adjusted FY14-15 Claims)

Trend rates for managed care plans are calculated based on regression studies of historical health plan data.

Trend rates have been calculated separately for the broad service categories shown above. Utilization trend is based on service units per thousand.

Data period trends are applied from the midpoint of the data period to the end of the data period using compound interest calculations; includes FY14-15 incurred claims paid through Oct 2015

Contract period trends are applied from the end of the data period to the midpoint of the contract period using compound interest calculations; includes FY13-15 incurred claims paid through Feb 2016.

Total Trend = [(1 + data period trend) ^ (months/12) * (1 + contract period trend) ^ (months/12)]

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

Age Under 1										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$178,405		\$178,405	\$1,663	(\$5,514)	\$491	\$175,045	1.111	\$194,476	\$3.70
FQHC / RHC	\$64,001		\$64,001	\$399		\$1,639	\$66,039	1.011	\$66,762	\$1.27
Home Health	\$9,627		\$9,627	\$127		\$109	\$9,863	1.004	\$9,907	\$0.19
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Newborn	\$6,646,677	\$311,503	\$6,958,180	\$90,458	(\$98,063)	\$35,543	\$6,986,119	1.142	\$7,976,885	\$151.57
IP - Other	\$1,252,963	\$58,895	\$1,311,858	\$17,052	(\$18,488)	\$3,754	\$1,314,176	1.142	\$1,500,552	\$28.51
IP - Psych	\$22,235		\$22,235		\$5,707	\$0	\$27,942	1.545	\$43,172	\$0.82
Lab	\$127,930		\$127,930	\$908		\$7,845	\$136,683	1.111	\$151,856	\$2.89
OP - Emergency Room	\$560,041		\$560,041	\$7,406	\$6,710	\$47,624	\$621,781	1.004	\$624,505	\$11.87
OP - Other	\$807,108		\$807,108	\$10,673	\$10,392	\$14,688	\$842,861	1.004	\$846,553	\$16.09
Pharmacy	\$889,296		\$889,296		(\$10,455)	\$47,575	\$926,416	1.158	\$1,072,991	\$20.39
Prof - Anesthesia	\$51,469		\$51,469	\$321		\$70	\$51,859	1.011	\$52,427	\$1.00
Prof - Child EPSDT	\$1,075,990		\$1,075,990	\$6,706	(\$1,459)	\$0	\$1,081,238	1.011	\$1,093,072	\$20.77
Prof - Evaluation & Management	\$4,227,933		\$4,227,933	\$26,202	\$14,104	\$185,397	\$4,453,636	1.011	\$4,502,379	\$85.55
Prof - Maternity	\$9,694		\$9,694	\$60	(\$13)	\$2	\$9,744	1.011	\$9,850	\$0.19
Prof - Other	\$2,851,447		\$2,851,447	\$17,744	(\$3,865)	\$81,809	\$2,947,135	1.011	\$2,979,391	\$56.61
Prof - Psych	\$24,570		\$24,570	\$11	(\$33)	\$64	\$24,612	1.011	\$24,881	\$0.47
Prof - Specialist	\$296,504		\$296,504	\$1,848	(\$402)	\$10,195	\$308,145	1.011	\$311,517	\$5.92
Prof - Vision	\$87,193		\$87,193	\$165	(\$118)	\$1,152	\$88,393	1.011	\$89,360	\$1.70
Radiology	\$71,602		\$71,602	\$659		\$12,542	\$84,803	1.111	\$94,217	\$1.79
Transportation/Ambulance	\$58,290		\$58,290	\$360		\$199	\$58,848	1.111	\$65,381	\$1.24
Provider Incentive Payment Adjustment										\$4.52
Total	\$19,312,978	\$370,397	\$19,683,375	\$182,764	(\$101,498)	\$450,698	\$20,215,339		\$21,710,133	\$417.04

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

Age 1-5										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$592,913		\$592,913	\$5,528	(\$18,326)	\$1,526	\$581,641	1.111	\$646,208	\$1.55
FQHC / RHC	\$208,542		\$208,542	\$1,300		\$10,206	\$220,047	1.011	\$222,456	\$0.53
Home Health	\$32,528		\$32,528	\$430		\$810	\$33,768	1.004	\$33,916	\$0.08
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Other	\$5,697,947	(\$496,166)	\$5,201,782	\$77,547	(\$73,448)	\$13,925	\$5,219,805	1.142	\$5,960,074	\$14.26
IP - Psych	\$181,912		\$181,912	\$30	\$46,697	\$50	\$228,689	1.545	\$353,339	\$0.85
Lab	\$984,909		\$984,909	\$6,854		\$63,517	\$1,055,281	1.111	\$1,172,426	\$2.81
OP - Emergency Room	\$3,376,407		\$3,376,407	\$44,649	\$40,455	\$295,208	\$3,756,719	1.004	\$3,773,174	\$9.03
OP - Other	\$6,522,221		\$6,522,221	\$86,249	\$83,976	\$77,996	\$6,770,442	1.004	\$6,800,099	\$16.27
Pharmacy	\$6,474,047		\$6,474,047		(\$76,115)	\$497,327	\$6,895,258	1.158	\$7,986,206	\$19.11
Prof - Anesthesia	\$361,713		\$361,713	\$2,254		\$650	\$364,618	1.011	\$368,609	\$0.88
Prof - Child EPSDT	\$1,408,817		\$1,408,817	\$8,780	(\$1,910)	\$0	\$1,415,688	1.011	\$1,431,182	\$3.42
Prof - Evaluation & Management	\$11,508,117		\$11,508,117	\$70,500	\$38,387	\$629,975	\$12,246,978	1.011	\$12,381,016	\$29.63
Prof - Maternity	\$10,774		\$10,774	\$67	(\$15)	\$5	\$10,832	1.011	\$10,950	\$0.03
Prof - Other	\$4,257,395		\$4,257,395	\$26,310	(\$5,771)	\$238,357	\$4,516,291	1.011	\$4,565,720	\$10.93
Prof - Psych	\$267,976		\$267,976	\$572	(\$362)	\$3,504	\$271,690	1.011	\$274,663	\$0.66
Prof - Specialist	\$1,145,363		\$1,145,363	\$7,138	(\$1,553)	\$42,093	\$1,193,042	1.011	\$1,206,100	\$2.89
Prof - Vision	\$745,775		\$745,775	\$1,569	(\$1,007)	\$8,714	\$755,051	1.011	\$763,315	\$1.83
Radiology	\$212,415		\$212,415	\$1,915		\$40,295	\$254,625	1.111	\$282,891	\$0.68
Transportation/Ambulance	\$303,262		\$303,262	\$1,421		\$743	\$305,425	1.111	\$339,330	\$0.81
Provider Incentive Payment Adjustment										\$1.27
Total	\$44,293,032	(\$496,166)	\$43,796,866	\$343,114	\$31,009	\$1,924,901	\$46,095,891		\$48,571,673	\$117.50

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

Age 6-14										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$997,549		\$997,549	\$9,300	(\$14,035)	\$1,747	\$994,561	1.111	\$1,104,966	\$1.55
FQHC / RHC	\$217,599		\$217,599	\$1,356		\$11,973	\$230,928	1.011	\$233,455	\$0.33
Home Health	\$68,258		\$68,258	\$903		\$587	\$69,747	1.004	\$70,053	\$0.10
IP - Maternity	\$14,116	\$609	\$14,725	\$192	(\$208)	\$90	\$14,800	1.142	\$16,899	\$0.02
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Other	\$4,815,105	\$226,156	\$5,041,260	\$65,531	(\$71,048)	\$17,510	\$5,053,254	1.142	\$5,769,903	\$8.08
IP - Psych	\$1,001,270		\$1,001,270	\$2,107	\$257,524	\$3,450	\$1,264,352	1.545	\$1,953,504	\$2.73
Lab	\$1,349,890		\$1,349,890	\$8,440		\$73,911	\$1,432,241	1.111	\$1,591,232	\$2.23
OP - Emergency Room	\$4,387,834		\$4,387,834	\$58,024	\$52,574	\$283,641	\$4,782,073	1.004	\$4,803,020	\$6.72
OP - Other	\$7,505,128		\$7,505,128	\$99,247	\$96,631	\$104,756	\$7,805,762	1.004	\$7,839,954	\$10.97
Pharmacy	\$19,829,927		\$19,829,927		(\$233,140)	\$715,569	\$20,312,356	1.158	\$23,526,119	\$32.93
Prof - Anesthesia	\$274,611		\$274,611	\$1,711		\$498	\$276,820	1.011	\$279,850	\$0.39
Prof - Child EPSDT	\$285,919		\$285,919	\$1,782	(\$388)	\$0	\$287,313	1.011	\$290,458	\$0.41
Prof - Evaluation & Management	\$13,407,521		\$13,407,521	\$81,713	\$44,721	\$705,210	\$14,239,165	1.011	\$14,395,007	\$20.15
Prof - Maternity	\$4,743		\$4,743	\$30	(\$6)	\$4	\$4,770	1.011	\$4,822	\$0.01
Prof - Other	\$6,628,587		\$6,628,587	\$40,921	(\$8,985)	\$317,502	\$6,978,026	1.011	\$7,054,398	\$9.87
Prof - Psych	\$1,330,302		\$1,330,302	\$6,292	(\$1,801)	\$42,894	\$1,377,687	1.011	\$1,392,765	\$1.95
Prof - Specialist	\$1,679,913		\$1,679,913	\$10,470	(\$2,277)	\$53,323	\$1,741,429	1.011	\$1,760,488	\$2.46
Prof - Vision	\$1,475,669		\$1,475,669	\$3,885	(\$1,993)	\$20,497	\$1,498,058	1.011	\$1,514,454	\$2.12
Radiology	\$591,953		\$591,953	\$5,432		\$79,302	\$676,687	1.111	\$751,805	\$1.05
Transportation/Ambulance	\$443,247		\$443,247	\$1,763		\$1,112	\$446,123	1.111	\$495,646	\$0.69
Provider Incentive Payment Adjustment										\$1.15
Total	\$66,309,141	\$226,765	\$66,535,906	\$399,100	\$117,570	\$2,433,577	\$69,486,153		\$74,848,797	\$105.90

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

Age 15-18 Female										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$192,160		\$192,160	\$1,792	(\$2,704)	\$324	\$191,572	1.111	\$212,838	\$1.72
FQHC / RHC	\$70,508		\$70,508	\$439		\$3,862	\$74,810	1.011	\$75,629	\$0.61
Home Health	\$10,633		\$10,633	\$141		\$130	\$10,904	1.004	\$10,952	\$0.09
IP - Maternity	\$509,339	\$45,485	\$554,824	\$6,932	(\$7,815)	\$4,117	\$558,057	1.142	\$637,201	\$5.15
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Other	\$1,220,829	\$111,406	\$1,332,235	\$16,615	(\$18,766)	\$3,985	\$1,334,069	1.142	\$1,523,265	\$12.31
IP - Psych	\$443,124		\$443,124	\$1,144	\$114,025	\$2,730	\$561,023	1.545	\$866,817	\$7.00
Lab	\$463,923		\$463,923	\$3,598		\$21,090	\$488,611	1.111	\$542,850	\$4.39
OP - Emergency Room	\$1,614,578		\$1,614,578	\$21,351	\$19,345	\$79,681	\$1,734,956	1.004	\$1,742,555	\$14.08
OP - Other	\$2,270,367		\$2,270,367	\$30,023	\$29,232	\$29,924	\$2,359,546	1.004	\$2,369,881	\$19.14
Pharmacy	\$3,403,789		\$3,403,789		(\$40,018)	\$247,880	\$3,611,650	1.158	\$4,183,075	\$33.79
Prof - Anesthesia	\$93,965		\$93,965	\$586		\$161	\$94,711	1.011	\$95,748	\$0.77
Prof - Child EPSDT	\$80,601		\$80,601	\$502	(\$109)	\$0	\$80,994	1.011	\$81,880	\$0.66
Prof - Evaluation & Management	\$2,910,735		\$2,910,735	\$17,843	\$9,709	\$144,361	\$3,082,648	1.011	\$3,116,386	\$25.17
Prof - Maternity	\$311,029		\$311,029	\$1,938	(\$422)	\$105	\$312,650	1.011	\$316,072	\$2.55
Prof - Other	\$1,304,008		\$1,304,008	\$8,058	(\$1,767)	\$55,665	\$1,365,963	1.011	\$1,380,913	\$11.16
Prof - Psych	\$375,869		\$375,869	\$1,964	(\$509)	\$15,187	\$392,511	1.011	\$396,807	\$3.21
Prof - Specialist	\$437,622		\$437,622	\$2,727	(\$593)	\$15,563	\$455,319	1.011	\$460,302	\$3.72
Prof - Vision	\$246,901		\$246,901	\$612	(\$333)	\$3,043	\$250,223	1.011	\$252,962	\$2.04
Radiology	\$343,419		\$343,419	\$3,190		\$25,457	\$372,066	1.111	\$413,368	\$3.34
Transportation/Ambulance	\$132,674		\$132,674	\$783		\$490	\$133,948	1.111	\$148,817	\$1.20
Provider Incentive Payment Adjustment										\$1.67
Total	\$16,436,072	\$156,891	\$16,592,963	\$120,239	\$99,274	\$653,756	\$17,466,231		\$18,828,320	\$153.76

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

Age 15-18 Male										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$264,379		\$264,379	\$2,465	(\$3,720)	\$397	\$263,521	1.111	\$292,774	\$2.40
FQHC / RHC	\$37,254		\$37,254	\$232		\$2,232	\$39,718	1.011	\$40,153	\$0.33
Home Health	\$3,937		\$3,937	\$52		\$81	\$4,070	1.004	\$4,088	\$0.03
IP - Maternity	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Newborn	\$0	\$0	\$0			\$0	\$0	1.142	\$0	\$0.00
IP - Other	\$1,645,646	(\$257,888)	\$1,387,759	\$22,397	(\$19,619)	\$3,045	\$1,393,582	1.142	\$1,591,219	\$13.07
IP - Psych	\$215,491		\$215,491	\$490	\$55,433	\$1,425	\$272,839	1.545	\$421,554	\$3.46
Lab	\$211,155		\$211,155	\$1,257		\$8,802	\$221,214	1.111	\$245,770	\$2.02
OP - Emergency Room	\$1,073,956		\$1,073,956	\$14,202	\$12,868	\$54,031	\$1,155,057	1.004	\$1,160,116	\$9.53
OP - Other	\$2,058,424		\$2,058,424	\$27,220	\$26,503	\$21,989	\$2,134,136	1.004	\$2,143,484	\$17.61
Pharmacy	\$4,161,353		\$4,161,353		(\$48,925)	\$133,156	\$4,245,584	1.158	\$4,917,308	\$40.39
Prof - Anesthesia	\$66,989		\$66,989	\$418		\$114	\$67,520	1.011	\$68,259	\$0.56
Prof - Child EPSDT	\$53,820		\$53,820	\$335	(\$73)	\$0	\$54,083	1.011	\$54,675	\$0.45
Prof - Evaluation & Management	\$2,012,193		\$2,012,193	\$12,232	\$6,712	\$99,519	\$2,130,656	1.011	\$2,153,975	\$17.69
Prof - Maternity	\$59		\$59	\$0	(\$0)	\$0	\$60	1.011	\$61	\$0.00
Prof - Other	\$1,338,022		\$1,338,022	\$8,271	(\$1,814)	\$45,283	\$1,389,762	1.011	\$1,404,973	\$11.54
Prof - Psych	\$258,027		\$258,027	\$1,247	(\$349)	\$9,379	\$268,304	1.011	\$271,241	\$2.23
Prof - Specialist	\$459,929		\$459,929	\$2,866	(\$623)	\$11,044	\$473,216	1.011	\$478,396	\$3.93
Prof - Vision	\$228,201		\$228,201	\$510	(\$308)	\$2,738	\$231,141	1.011	\$233,671	\$1.92
Radiology	\$180,111		\$180,111	\$1,666		\$20,268	\$202,045	1.111	\$224,474	\$1.84
Transportation/Ambulance	\$115,279		\$115,279	\$639		\$378	\$116,295	1.111	\$129,205	\$1.06
Provider Incentive Payment Adjustment										\$1.43
Total	\$14,384,226	(\$257,888)	\$14,126,339	\$96,499	\$26,085	\$413,881	\$14,662,804		\$15,835,394	\$131.50

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
Capitation Rate Calculations

Section I
Exhibit 4

Under 1

All Age Categories										
Statewide	Total Base Claims FY14-15	Base Claims Redistribution FY14-15	Total Redistributed Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Patient Copay	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type										
DME/Supplies	\$2,225,405	\$0	\$2,225,405	\$20,748	(\$44,298)	\$4,484	\$2,206,339	1.111	\$2,451,261	\$1.71
FQHC / RHC	\$597,904	\$0	\$597,904	\$3,726	\$0	\$29,912	\$631,543	1.011	\$638,455	\$0.45
Home Health	\$124,983	\$0	\$124,983	\$1,653	\$0	\$1,717	\$128,352	1.004	\$128,914	\$0.09
IP - Maternity	\$523,455	\$46,095	\$569,549	\$7,124	(\$8,023)	\$4,207	\$572,857	1.142	\$654,099	\$0.46
IP - Newborn	\$6,646,677	\$311,503	\$6,958,180	\$90,458	(\$98,063)	\$35,543	\$6,986,119	1.142	\$7,976,885	\$5.58
IP - Other	\$14,632,491	(\$357,597)	\$14,274,893	\$199,142	(\$201,368)	\$42,219	\$14,314,886	1.142	\$16,345,012	\$11.43
IP - Psych	\$1,864,033	\$0	\$1,864,033	\$3,771	\$479,386	\$7,655	\$2,354,845	1.545	\$3,638,387	\$2.54
Lab	\$3,137,806	\$0	\$3,137,806	\$21,057	\$0	\$175,166	\$3,334,029	1.111	\$3,704,134	\$2.59
OP - Emergency Room	\$11,012,816	\$0	\$11,012,816	\$145,632	\$131,953	\$760,185	\$12,050,586	1.004	\$12,103,370	\$8.46
OP - Other	\$19,163,249	\$0	\$19,163,249	\$253,413	\$246,733	\$249,353	\$19,912,748	1.004	\$19,999,971	\$13.98
Pharmacy	\$34,758,412	\$0	\$34,758,412	\$0	(\$408,654)	\$1,641,507	\$35,991,265	1.158	\$41,685,700	\$29.14
Prof - Anesthesia	\$848,747	\$0	\$848,747	\$5,290	\$0	\$1,493	\$855,529	1.011	\$864,893	\$0.60
Prof - Child EPSDT	\$2,905,147	\$0	\$2,905,147	\$18,106	(\$3,938)	\$0	\$2,919,315	1.011	\$2,951,266	\$2.06
Prof - Evaluation & Management	\$34,066,499	\$0	\$34,066,499	\$208,490	\$113,632	\$1,764,462	\$36,153,083	1.011	\$36,548,763	\$25.55
Prof - Maternity	\$336,299	\$0	\$336,299	\$2,096	(\$456)	\$117	\$338,056	1.011	\$341,755	\$0.24
Prof - Other	\$16,379,459	\$0	\$16,379,459	\$101,304	(\$22,201)	\$738,616	\$17,197,178	1.011	\$17,385,394	\$12.15
Prof - Psych	\$2,256,744	\$0	\$2,256,744	\$10,085	(\$3,054)	\$71,028	\$2,334,804	1.011	\$2,360,357	\$1.65
Prof - Specialist	\$4,019,331	\$0	\$4,019,331	\$25,050	(\$5,448)	\$132,218	\$4,171,151	1.011	\$4,216,803	\$2.95
Prof - Vision	\$2,783,740	\$0	\$2,783,740	\$6,742	(\$3,759)	\$36,145	\$2,822,867	1.011	\$2,853,762	\$1.99
Radiology	\$1,399,500	\$0	\$1,399,500	\$12,862	\$0	\$177,864	\$1,590,226	1.111	\$1,766,755	\$1.23
Transportation/Ambulance	\$1,052,752	\$0	\$1,052,752	\$4,966	\$0	\$2,922	\$1,060,640	1.111	\$1,178,380	\$0.82
Provider Incentive Payment Adjustment										\$1.38
Total	\$160,735,449	(\$0)	\$160,735,449	\$1,141,715	\$172,441	\$5,876,813	\$167,926,418		\$179,794,317	\$127.06

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid

FY 2017 Capitation Rate Development

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Summary of FY 2017 Base Capitation Rates Below & Above 150% Federal Poverty Level

Section I Exhibit 5a

Age Group	Combined Base Rates	Copay Value PMPM FAMIS <=150%	Copay Value PMPM FAMIS >150%	Admin Cost Adjustment	Statewide		
					FAMIS <=150% Total with Admin	FAMIS >150% Total with Admin	
Under 1	\$417.04	\$2.01	\$4.80	10.10%	\$461.64	\$458.54	
1-5	\$117.50	\$2.04	\$4.85	10.10%	\$128.43	\$125.30	
6-14	\$105.90	\$2.05	\$4.95	10.10%	\$115.52	\$112.29	
Female 15-18	\$153.76	\$2.08	\$4.98	10.10%	\$168.72	\$165.50	
Male 15-18	\$131.50	\$2.11	\$5.06	10.10%	\$143.92	\$140.64	
					Overall FAMIS		
Average					\$131.39	\$133.12	\$133.01

Note:

Average is weighted by health plan enrollment distribution as of February 2016

Virginia Medicaid

FY 2017 Capitation Rate Development

Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)

Comparison of FY 2016 and FY 2017 Capitation Rates

Section I Exhibit 5b

		Statewide					
Aid Category		FAMIS <=150%			FAMIS >150%		
Age Group		FY 2016	FY 2017	% Change	FY 2016	FY 2017	% Change
FAMIS	Under 1	\$515.91	\$461.64	-10.52%	\$512.69	\$458.54	-10.56%
	1-5	\$111.01	\$128.43	15.70%	\$107.85	\$125.30	16.18%
	6-14	\$105.20	\$115.52	9.81%	\$101.95	\$112.29	10.14%
	Female 15-18	\$152.81	\$168.72	10.41%	\$149.53	\$165.50	10.68%
	Male 15-18	\$134.42	\$143.92	7.07%	\$131.09	\$140.64	7.28%
Average		\$119.43	\$131.39	10.01%	\$122.21	\$133.12	8.93%

Overall FAMIS Average		
FY 2016	FY 2017	% Difference
\$122.04	\$133.01	9.00%

Note:

Average is weighted by health plan enrollment distribution as of February 2016

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - Family Access to Medical Insurance Security (FAMIS)
February 2016 Member Month Distribution

Section I
Exhibit 5c

Aid Category	Age Group	Statewide
FAMIS <= 150%	Under 1	46
	1-5	989
	6-14	1,743
	Female 15-18	312
	Male 15-18	299
Aid Category Total		3,389
FAMIS >150%	Under 1	1,456
	1-5	14,257
	6-14	25,945
	Female 15-18	4,463
	Male 15-18	4,492
Aid Category Total		50,613
Total		54,002

Virginia Medicaid
FY 2017 Capitation Rate Development
Drug Reinsurance Adjustment

Section I
Exhibit 6

	FAMIS	Source
1a. FY14 Number of Individuals Exceeding the Threshold	9	FY14 Health Plan Encounter Data
1b. FY14 Additional Individuals	2	20% Increase of People who exceed the threshold
1c. FY14 Average Cost Before Specialty Cost Trend	\$157,955	FY14 Health Plan Encounter Data
1d. FY14 Average Cost After Specialty Cost Trend	\$240,230	FY14 Health Plan Encounter Data
1e. FY14 Total Dollars Including Additional Individuals	\$2,594,488	= 1d. * (1a.+1b.)
1f. FY14 Amount of Reinsurance	\$877,039	= ((1e.) - ((1a.+1b.) * \$150,000)) * 90%
2a. FY15 Number of Individuals Exceeding the Threshold	9	FY15 Health Plan Encounter Data
2b. FY15 Additional Individuals	2	20% Increase of People who exceed the threshold
2c. FY15 Average Cost Before Specialty Cost Trend	\$266,863	FY15 Health Plan Encounter Data
2d. FY15 Average Cost After Specialty Cost Trend	\$352,927	FY15 Health Plan Encounter Data
2e. FY15 Total Dollars Including Additional Individuals	\$3,811,611	= 2d. * (2a.+2b.)
2f. FY15 Amount of Reinsurance	\$1,972,450	= ((2e.) - ((2a.+2b.) * \$150,000)) * 90%
3. Average Reinsurance Amount	\$1,424,744	= ((1f.) + (2f.)) / 2
4. Annualized Historical Member Months	715,295	Health Plan Encounter Data
5. Estimated PMPM	\$1.99	= (3.) / (4.)

Note:
Discounted threshold is based upon FY17 reinsurance threshold of \$150,000 per person per year discounted by 15% unit cost trend per year

Virginia Medicaid

FY 2017 Capitation Rate Development

FAMIS Capitation Rates Net of Drug Reinsurance Adjustment

Summary of FY 2017 Base Capitation Rates Below & Above 150% Federal Poverty Level

Section I Exhibit 7

Age Group	Statewide		
	FAMIS <=150% Total with Admin	FAMIS >150% Total with Admin	
Under 1	\$459.65	\$456.55	
1-5	\$126.44	\$123.31	
6-14	\$113.52	\$110.30	
Female 15-18	\$166.73	\$163.51	
Male 15-18	\$141.93	\$138.65	
Overall FAMIS			
Average	\$129.40	\$131.13	\$131.02

Note:

Average is weighted by health plan enrollment distribution as of February 2016

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Historical Eligibility, Claims, and Utilization Data

Section II
Exhibit 1

Age 10 and Over Female												
Statewide	Raw Claims FY14	Raw Claims FY15	Capitation FY14	Capitation FY15	Unadjusted PMPM 14	Unadjusted PMPM 15	Units FY14	Units FY15	Units/1000 FY14	Units/1000 FY15	Cost/Unit FY14	Cost/Unit FY15
Member Months	13,531	3,104										
Service Type												
DME/Supplies	\$58,244	\$18,616	\$0	\$0	\$4.30	\$6.00	374	105	332	406	\$155.73	\$177.30
FQHC / RHC	\$45,316	\$6,576	\$0	\$0	\$3.35	\$2.12	376	60	333	232	\$120.52	\$109.60
Home Health	\$8,596	\$1,299	\$0	\$0	\$0.64	\$0.42	41	3	36	12	\$209.66	\$433.10
IP - Maternity	\$5,635,611	\$910,762	\$0	\$0	\$416.50	\$293.42	2,338	442	2,073	1,709	\$2,410.44	\$2,060.55
IP - Newborn	\$0	\$0	\$0	\$0	\$0.00	\$0.00	0	0	0	0	-	-
IP - Other	\$138,693	\$4,222	\$0	\$0	\$10.25	\$1.36	79	3	70	12	\$1,755.61	\$1,407.40
IP - Psych	\$3,420	\$0	\$0	\$0	\$0.25	\$0.00	7	0	6	0	\$488.60	-
Lab	\$169,014	\$69,396	\$7,965	\$1,799	\$13.08	\$22.94	12,712	3,301	11,274	12,762	\$13.92	\$21.57
OP - Emergency Room & Related	\$399,741	\$75,973	\$0	\$0	\$29.54	\$24.48	1,395	250	1,237	966	\$286.55	\$303.89
OP - Other	\$909,462	\$175,719	\$0	\$0	\$67.21	\$56.61	4,376	752	3,881	2,907	\$207.83	\$233.67
Pharmacy	\$419,972	\$79,650	\$0	\$0	\$31.04	\$25.66	12,069	2,147	10,703	8,300	\$34.80	\$37.10
Prof - Anesthesia	\$294,751	\$46,455	\$0	\$0	\$21.78	\$14.97	1,779	318	1,578	1,229	\$165.68	\$146.09
Prof - Child EPSDT	\$15,461	\$3,229	\$0	\$0	\$1.14	\$1.04	426	76	378	294	\$36.29	\$42.49
Prof - Evaluation & Management	\$601,736	\$123,416	\$6,169	\$1,660	\$44.93	\$40.30	9,077	1,817	8,050	7,024	\$66.97	\$68.84
Prof - Maternity	\$2,994,152	\$459,193	\$0	\$0	\$221.28	\$147.94	4,958	796	4,397	3,077	\$603.90	\$576.88
Prof - Other	\$298,951	\$58,109	\$606	\$137	\$22.14	\$18.76	3,108	784	2,756	3,031	\$96.38	\$74.29
Prof - Psych	\$9,161	\$1,582	\$0	\$0	\$0.68	\$0.51	158	45	140	174	\$57.98	\$35.15
Prof - Specialist	\$120,931	\$20,053	\$0	\$0	\$8.94	\$6.46	1,913	394	1,697	1,523	\$63.22	\$50.89
Prof - Vision	\$6,010	\$1,795	\$11,480	\$2,640	\$1.29	\$1.43	146	27	129	104	\$119.80	\$164.23
Radiology	\$610,330	\$136,923	\$0	\$0	\$45.11	\$44.11	7,718	1,650	6,845	6,379	\$79.08	\$82.98
Transportation/Ambulance	\$25,673	\$3,745	\$37,312	\$8,752	\$4.65	\$4.03	430	70	381	271	\$146.48	\$178.52
Total	\$12,765,222	\$2,196,713	\$63,532	\$14,988	\$948.10	\$712.53	63,480	13,040				

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Pharmacy Adjustment

Section II
Exhibit 2a

	FAMIS MOMS	Source
1. Health Plan Total Drug Cost PMPM	\$30.03	FY14-15 Health Plan Encounter Data
2. Health Plan Drug Ingredient Cost PMPM	\$28.89	Health Plan Encounter Analysis
3. Change in Average Managed Care Discount	0.4%	From Plan Data
4. Current Average Managed Care Rebate	1.6%	From Plan Data
5. FY17 Managed Care Dispensing Fee PMPM	\$1.15	From Plan Data
6. Average PBM Admin Cost PMPM	\$0.43	From Plan Data
7. Adjusted PMPM with FY17 Pharmacy Pricing Arrangements	\$29.88	= (2.) * (1 - (3.)) * (1 - (4.)) + (5.) + (6.)
8. Pharmacy Adjustment	-0.5%	= (7.) / (1.) - 1

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Hospital Inpatient Adjustments

Section II
Exhibit 2b

	Inpatient Medical/Surgical	Inpatient Psychiatric	Source
1a. FY14 Total Claims in IP Service Categories	\$5,774,304	\$3,420	FY14 Health Plan Encounter Data
1b. FY15 Total Claims in IP Service Categories	\$914,984	\$0	FY15 Health Plan Encounter Data
2. FY14-15 Hospital Capital Percentage	8.9%	8.9%	Provided by DMAS
3a. FY16 Capital Reimbursement Increase	-4.5%	-4.5%	= ((4a.)-(2.))/(2.)
3b. FY17 Capital Reimbursement Increase	0.00%	0.00%	= ((4b.)-(4a.))/(4a.)
4a. FY16 Hospital Capital Percentage	8.5%	8.5%	Provided by DMAS
4b. FY17 Hospital Capital Percentage	8.5%	8.5%	Provided by DMAS
3a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
3b. Dollar Change	\$55,477	\$33	= ((1a.)+(1b.)) * (1 - (4b.)) * (1 - (5.)) * (6a.)
4a. FY17 Hospital Rate Change - Rebasing	-2.65%	27.00%	Provided by DMAS
4b. Dollar Change	(\$162,199)	\$845	= ((1a.)+(1b.)) * (1 - (4b.)) * (1 - (5.)) * (7a.)
5. Hospital Inpatient Adjustment	-1.6%	25.7%	= ((6b.) + (7b.)) / ((1a.) + (1b.))

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Hospital Outpatient Adjustments

Section II
Exhibit 2c

	OP - Emergency Room & Related	OP - Other	Source
1a. FY14 Total Claims in OP Service Categories	\$399,741	\$909,462	FY14 Health Plan Encounter Data
1b. FY15 Total Claims in OP Service Categories	\$75,973	\$175,719	FY15 Health Plan Encounter Data
2a. FY17 Hospital Rate Change - Unit Cost	1.05%	1.05%	Provided by DMAS
2b. Dollar Change	\$4,995	\$11,394	= ((1a.)+(1b.)) * (2a.)
3a. FY17 Hospital Rate Change - Rebasing	0.1%	0.1%	Provided by DMAS
3b. Dollar Change	\$476	\$1,085	= ((1a.)+(1b.)) * (3a.)
4. Hospital Outpatient Adjustment	1.15%	1.15%	= ((2b.) + (3b.)) / ((1a.) + (1b.))

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
DME Fee Adjustment

Section II
Exhibit 2d

	FAMIS MOMS	Source
1. Claims Associated with DME/Supplies Service Category	\$76,860	FY14-15 Health Plan Encounter Data
2. Proportion of Claims subject to change	\$782	Provided by DMAS
3a. FY15 DME Fee Change	-14.1%	Provided by DMAS
3b. Dollar Change	(\$110)	= (2.) * (3a.)
4. DME Fee Adjustment	-0.1%	= (3b.) / (1.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Provider Incentive Payment Adjustment

Section II
Exhibit 2e

	Adjustment Value	Source
Provider Incentive Payment Adjustment	0.13%	From Plan Data

**Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data
Hepatitis C Treatment Adjustment**

**Section II
Exhibit 2f**

	FAMIS MOMS	Source
1. Total Claims in Pharmacy Service Categories	\$499,622	FY14-15 Health Plan Encounter Data
2. Unique Individuals in Base Period	3,614	FY14-15 Health Plan Encounter Data
3a. Proportion of Population Being Tested for Hepatitis C	1.7%	FY14-15 Health Plan Encounter Data
3b. Number of Individuals Being Tested	62	FY14-15 Health Plan Encounter Data
3c. Projected Testing Change in FY17	15%	Estimate
3d. Additional Number of People Being Tested	9	= (3b.) * (3c.)
3e. Average Cost Per Test Per Person	\$29.04	FY14-15 Health Plan Encounter Data
4a. Proportion of Population Diagnosed With Hepatitis C	0.36%	FY14-15 Health Plan Encounter Data
4b. Number of Individuals Diagnosed With Hepatitis C	13	FY14-15 Health Plan Encounter Data
4c. Projected Increase in People Diagnosed With Hepatitis C	5%	Estimate
4d. Projected Number of People With Hepatitis C	14	= (4b.) * (1 + (4c.))
5a. Proportion of People With Hepatitis C With Drug Therapy	0.0%	FY14-15 Health Plan Encounter Data
5b. Number of Individuals With Hepatitis C With Drug Therapy in Base Period	0	FY14-15 Health Plan Encounter Data
5c. Expected Percentage Increase of Hepatitis C Receiving Drug Therapy - Current Protocols	0%	Estimate
5d. Expected Percentage Increase of Hepatitis C Receiving Drug Therapy - New Protocols	100%	Estimate
5e. Projected Number of Additional People Going Through Drug Therapy	0	= (4d.) * (5a.) * (1 + (5c.)) * (1 + (5d.)) - (5b.)
5f. Average Cost of Current Drug Therapy	\$76,477	FY14-15 Health Plan Encounter Data
5g. Average Cost of New Drug Therapy	\$90,000	Estimate
6. Additional Cost of Hepatitis C Treatment	\$270.04	= ((3d.) * (3e.)) + ((5g.) - (5f.)) * (5b.) + (5e.) * (5g.)
7. Hepatitis C Treatment Adjustment	0.05%	= (6.) / (1.)

Note: Based on analysis of FY14 - FY15 base data experience

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Emergency Room Triage Adjustment

Section II
Exhibit 2g

	FAMIS MOMS	Source
1. Total Claims in Prof - Evaluation & Management	\$725,151	FY14-15 Health Plan Encounter Data
2. FY14-15 Number of Claims in ER Triage Level 3	199	FY14-15 Health Plan Encounter Data
3. ER Cost No Triage Level 3	\$43.65	FY14-15 Health Plan Encounter Data
4. ER Triage Cost	\$22.06	Provided by DMAS
5. FY16 ER Triage Financial Impact (2 year)	\$4,296	= (2.) * ((3.) - (4.))
6. FY16 ER Triage Adjustment	0.59%	= (5.) / (1.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Resource Based Relative Value Scale Adjustment

Section II
Exhibit 2h

FAMIS MOMS		
1. Professional Fee Adjustment - Effective FY16	-0.14%	Provided by DMAS
2. Proportion of claims subject to fee adjustment	89%	FY14-15 Health Plan Encounter Data
3. Final Professional Fee Adjustment	-0.12%	= (1.) * (2.)

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Administrative Cost Adjustment

Section II
Exhibit 2i

	FAMIS MOMS	Source
1. Claims Adjustment Expense PMPM	\$28.69	Expense from CY2015 BOI Reports; CY2015 Member months from capitation payment files
2. General Admin Expense PMPM	\$50.00	Expense from CY2015 BOI Reports; CY2015 Member months from capitation payment files
3. Claims Adjustment Expense Increase %	0.7%	BLS CPI-U
4. General Admin Expense Increase %	2.2%	Weighted average of BLS Compensation Trend and CPI
5a. Administrative PMPM*	\$80.65	$= (1.) * (1+ (3.)) ^ (18 \text{ months}/12) + (2.) * (1+ (4.)) ^ (18 \text{ months}/12)$
5b. Administrative PMPM Weighted by Claims	\$40.96	Reallocation of administrative costs weighted by claims
6. Adjusted and Trended Base PMPM	\$1,081.16	Weighted average of med component of FY2017 FAMIS Moms Base Rates
7. Administrative allowance as % of Base Capitation Rate	3.6%	$= (5b.) / (((5b.) + (6.)) / (1 - (8.)))$
8. Contribution to Reserves as % of Base Capitation Rate	1.5%	Provided by DMAS
9. Administrative Factor as % of Base Capitation Rate	5.1%	$= (7.) + (8.)$

*Note:

Administrative increases are applied from midpoint of CY2015 to the midpoint of the contract period (18 months) using compound interest calculations

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Incurred But Not Reported (IBNR), Policy/Program, and Trend Adjustments

Section II
Exhibit 3

Category of Service	FAMIS MOMS							
	Completion and Policy/Program Adjustments			Data Period Trend			Contract Period Cost and Utilization Trend	Total Trend Factor
	IBNR	Policy/Program ¹	Total Base Data Adjustments	Cost Trend	Utilization Trend	Cost and Utilization Trend		
Inpatient Medical/Surgical	0.1%	-1.6%	-1.5%	4.6%	7.3%	12.2%	12.2%	1.3346
Inpatient Psychiatric ²	0.5%	25.7%	26.3%	4.3%	7.7%	12.3%	3.8%	1.1877
Outpatient Hospital	0.3%	1.1%	1.5%	-10.6%	10.1%	-1.5%	0.0%	0.9852
Practitioner	0.2%	0.0%	0.1%	1.1%	5.2%	6.3%	6.3%	1.1654
Prescription Drug	0.0%	-0.5%	-0.5%	-2.3%	1.7%	-0.6%	0.0%	0.9938
Other	0.4%	0.0%	0.4%	0.9%	-4.1%	-3.2%	0.0%	0.9683
Weighted Average³	0.1%	-0.6%	-0.5%	1.3%	5.8%	7.1%	7.6%	1.1998

Months of Trend Applied	12	12	12	18
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¹ The Policy and Program Adjustments are summarized in this table as weighted averages and are applied at the rate cell level in Exhibit 4.

² Inpatient Psych trend rates have been defaulted to LIFC Adult values.

³ Weighted averages for Completion and Program Adjustments are calculated using a distribution by Service Type, before Trend and Adjustments (Total Claims FY14-15), whereas weighted averages for Trends are calculated using a distribution by Service Type, before Trend (Adjusted FY14-15 Claims)

Trend rates for managed care plans are calculated based on regression studies of historical health plan data.

Trend rates have been calculated separately for the broad service categories shown above. Utilization trend is based on service units per thousand.

Data period trends are applied from the midpoint of the data period to the end of the data period using compound interest calculations; includes FY14-15 incurred claims paid through Oct 2015

Contract period trends are applied from the end of the data period to the midpoint of the contract period using compound interest calculations; includes FY13-15 incurred claims paid through Feb 2016.

Total Trend = [(1 + data period trend) ^ (months/12) * (1 + contract period trend) ^ (months/12)]

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Capitation Rate Calculations

Section II
Exhibit 4

Age 10 and Over Female							
Statewide	Total Base Claims FY14-15	Completion Factor Adjustments ¹	Policy and Program Adjustments ²	Completed and Adjusted Claims FY14-15	Trend Adjustment	Completed & Trended Claims FY17	PMPM FY17
Service Type							
DME/Supplies	\$76,860	\$292	(\$110)	\$77,041	0.968	\$74,597	\$4.48
FQHC / RHC	\$51,891	\$89		\$51,980	1.165	\$60,580	\$3.64
Home Health	\$9,895	\$33		\$9,928	0.985	\$9,781	\$0.59
IP - Maternity	\$6,546,373	\$3,620	(\$104,500)	\$6,445,493	1.335	\$8,602,003	\$517.10
IP - Newborn	\$0	\$0		\$0	1.335	\$0	\$0.00
IP - Other	\$142,916	\$79	(\$2,281)	\$140,713	1.335	\$187,793	\$11.29
IP - Psych	\$3,420	\$16	\$882	\$4,319	1.188	\$5,129	\$0.31
Lab	\$248,175	\$904		\$249,079	0.968	\$241,175	\$14.50
OP - Emergency Room	\$475,714	\$1,569	\$5,489	\$482,771	0.985	\$475,619	\$28.59
OP - Other	\$1,085,181	\$3,578	\$12,521	\$1,101,280	0.985	\$1,084,965	\$65.22
Pharmacy	\$499,622	\$0	(\$2,251)	\$497,372	0.994	\$494,287	\$29.71
Prof - Anesthesia	\$341,206	\$582		\$341,788	1.165	\$398,335	\$23.95
Prof - Child EPSDT	\$18,690	\$32	(\$23)	\$18,699	1.165	\$21,793	\$1.31
Prof - Evaluation & Management	\$732,980	\$1,237	\$3,437	\$737,654	1.165	\$859,694	\$51.68
Prof - Maternity	\$3,453,345	\$5,890	(\$4,303)	\$3,454,932	1.165	\$4,026,528	\$242.05
Prof - Other	\$357,803	\$609	(\$446)	\$357,966	1.165	\$417,190	\$25.08
Prof - Psych	\$10,743	\$18	(\$13)	\$10,748	1.165	\$12,526	\$0.75
Prof - Specialist	\$140,983	\$240	(\$176)	\$141,048	1.165	\$164,383	\$9.88
Prof - Vision	\$21,924	\$13	(\$27)	\$21,910	1.165	\$25,535	\$1.54
Radiology	\$747,253	\$2,835		\$750,087	0.968	\$726,285	\$43.66
Transportation/Ambulance	\$75,481	\$112		\$75,593	0.968	\$73,194	\$4.40
Provider Incentive Payment Adjustment							\$1.43
Total	\$15,040,455	\$21,748	(\$91,802)	\$14,970,401		\$17,961,392	\$1,081.16
Admin Cost Adjustment							\$58.05
FAMIS MOMS Capitation Rate							\$1,139.21

¹ Completion Factor Adjustment is applied to non-capitated claims only

² Policy and Program Adjustments are calculated based on Completed Claims = Total Base Claims + Completion Factor Adjustment.

Virginia Medicaid
FY 2017 Capitation Rate Development
Health Plan Encounter Data - FAMIS MOMS
Comparison of FY 2016 and FY 2017 Capitation Rates and Member Months

Section II
Exhibit 5

FAMIS MOMS - Age 10 and Over Female	Statewide		
	FY 2016	FY 2017	% Change
Capitation Rate	\$1,102.79	\$1,139.21	3.30%
February 2016 Member Months		886	